

HOUSEHOLD INCOME, HOUSING PRICE, AND HOUSING AFFORDABILITY

Household income is one of the key factors in determining a household's demand for housing. Simply speaking, the cost of housing relative to a household's income determines how much housing a household can afford. However, households sometimes choose to spend more than they can afford to get the amenities they want now. Other households have no choice but to spend more than 30 percent of their incomes toward housing because their incomes are low relative to the housing they need. The following analysis looks at household incomes in the City of Lincoln, rental and owner housing costs, and how income and housing costs impact affordability.

The analysis shows the following key findings about incomes in Lincoln:

- *After adjusting for inflation, people had higher incomes in 1999 than in 1989.* However, those with the highest incomes had greater gains (in terms of actual dollars earned) than those with the lowest incomes, increasing the income disparity in the population as a whole.
- *In general, households headed by racial and/or ethnic minorities were more likely to have lower incomes than those headed by white, non-Hispanic persons.* While 42 percent of households headed by persons who were white, non-Hispanic had incomes below 80 percent of the median income, 58 percent of those headed by non-white and/or Latino householders had incomes below 80 percent. Median incomes were significantly lower for non-whites: \$23,125 for American Indian headed households, \$26,199 for two or more races, and \$27,003 for black, compared to \$41,613 for white, non-Hispanic and the median household income for the City of \$40,605.
- *In general, households headed by persons who were very young (under 25) or older (75 or older) had the lowest incomes,* less than half of the median income of those households headed by persons 45 to 54.
- *Married-couple households had the highest incomes of all family types.* Married-couple families with children under 18 had a median income three times that of single-female householders with children under eighteen.
- *The percentage of Low-to-Moderate Income households increased slightly over the decade.* However, the proportion of those households who were in extremely low- and very low-income households declined. A total of 38,628 households or 43 percent of the total were LMI.
- *Over ten percent of the general population had incomes below the poverty level.* However, certain subpopulations had much higher incidents of poverty: persons who were black or African American (27 percent of this subpopulation), persons with a disability (15 percent), single-female headed households with children (29 percent); all of whom were less likely to participate in the labor force and more likely to be unemployed if they were in the labor force.
- *Other living expenses, such as daycare, medical care, and transportation, can drastically limit funds available for housing.* For example, a single-parent family with a preschool age child needed an annual income of just under \$25,440 (a full-time job at \$12.05 per hour) in 2002 to support their basic needs. In this case estimated day care expenses of \$590 exceeded

estimated housing expenses of \$564 per month. The hourly median wage for all occupations in the City was \$12.61 in 2002.

The following findings about the cost of housing are detailed in the analysis:

- *The cost of housing rose faster than incomes for owners.* Median monthly owner costs for those households with a mortgage rose 51 percent over the last decade, compared to median income, which rose 45 percent. The average sale price of a house rose 74 percent.
- *Interest rate fluctuations have a dramatic impact on affordability.* Between 1980 and 2003, average annual interest rates have hit a high of 16.63% (1981) and low of 6.54% (2003).
- *Insurance rates and underwriting criteria for insurance have become increasing barriers to affordable housing.* For example, rates rose an average of 7 percent in 2003.
- *While tax levy rates have declined over 31 percent from 1993 to 2002, assessed residential property values have increased 55 percent for an overall increase in property tax payments.* Nevertheless, the rate of increase in payments overall was slower than the rate of inflation.
- *The increase in median income exceeded the increase in median monthly gross rent over the decade.* Median gross rent rose by 37 percent. Increases were in part due to the increases in square footage and additional amenities in newer apartments. The increase in price of some utilities (natural gas in particular) and the increase in consumption, has led to an increase in gross rent over the decade, as well.
- *The supply of single-family lots may be insufficient to meet demand.* While there were over 2,600 single-family (attached, detached, and duplex) lots that were final platted by January of 2004, only 426 were listed on the MLS. Additionally, the average sale price per lot listed on the MLS had risen 34 percent from 1998 to 2003.

The following summarizes findings on housing affordability:

- *The number of low-income households who were renters rose at a faster rate (by 22 percent) than the number of those who were owners (by 14 percent) over the decade.* The number of extremely low-income owner households actually declined over the decade, almost entirely due to the drop in the number of extremely low-income elderly homeowners.
- *The maximum gross rent or housing payment that could be afforded by a 4-person household earning the median income was \$1,354 in 2000, which rose to \$1,590 by 2004.* In contrast, the maximum affordable gross rent or housing payment for an extremely low-income individual was \$284, which rose to \$334 in 2004.
- *While the percentage of cost overburdened renter households (as a portion of all renter households) declined from 40 to 37 percent, the actual number rose slightly.* More importantly, the number of extremely low-income renter households (mostly non-family households) who were cost overburdened rose by 12 percent. Renter households headed by persons who have extremely low incomes, persons living alone, persons under 24 years of age, persons 75 and older, and persons who are two or more races, American Indian, or Asian in decent are more likely to be cost overburdened.
- *The percentage of cost overburdened owner households rose for those with a mortgage from 14 percent in 1990 to 20 percent in 2000.* Nearly 39 percent of all low-income, owner households were overburdened in 2000. Owner households headed by persons who have extremely low incomes, persons living alone, persons under 24 years of age, and persons who are Black or African American, Hispanic or Latino, or two or more races in decent are more likely to be cost overburdened.

Overall, the gap between the cost of housing and the ability to pay is growing. Owner housing costs are rising at a faster rate than incomes, especially for low-to-moderate income households. Even with low interest rates, the significant cost of rehabilitation is more than many households can afford. Although the data shows that rent increases are rising at a slower pace than income and the percentage of households who are cost overburdened has declined slightly over the decade, we postulate that some of these declines may be due to declines in the quality, safety, and soundness of rental housing. Additionally, more renters are living in overcrowded conditions.

Income, Poverty, and Employment

Household income is the sum of all income received over a year by all members of a household 15 years of age or older, whether or not they are related. Income includes wage or salary income; net self-employment income; investment income (interest, dividends, or net rental or royalty income) and income from estates or trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and, all other income. The Census reports that underreporting of income tends to be more pronounced for income sources that are not derived from earnings, such as public assistance, investment income, and rental income.

Household income is a key factor in real buying power, specifically in the ability to obtain and pay for housing. Other factors that affect the ability of a household to obtain and pay for housing are the efficiency of which income is used, wealth, credit worthiness, knowledge, and external factors. While income is measured by the Census, wealth and these other factors are not. Those with wealth or a positive net worth (assets minus debts) have a greater capacity to weather financial storms including job loss, housing emergencies, etc. So, for example, while older householders may have lower median household incomes, they may have retirement savings or other assets that would allow them to maintain their housing during hard times.

Income Distribution

From 1989 to 1999, the income of the County as a whole improved overall. The table below shows the income distribution for the County by decile for both 1989 and 1999, in 1999 dollars.

Table 6.1: Income by Decile, Lancaster County, 1989 to 1999

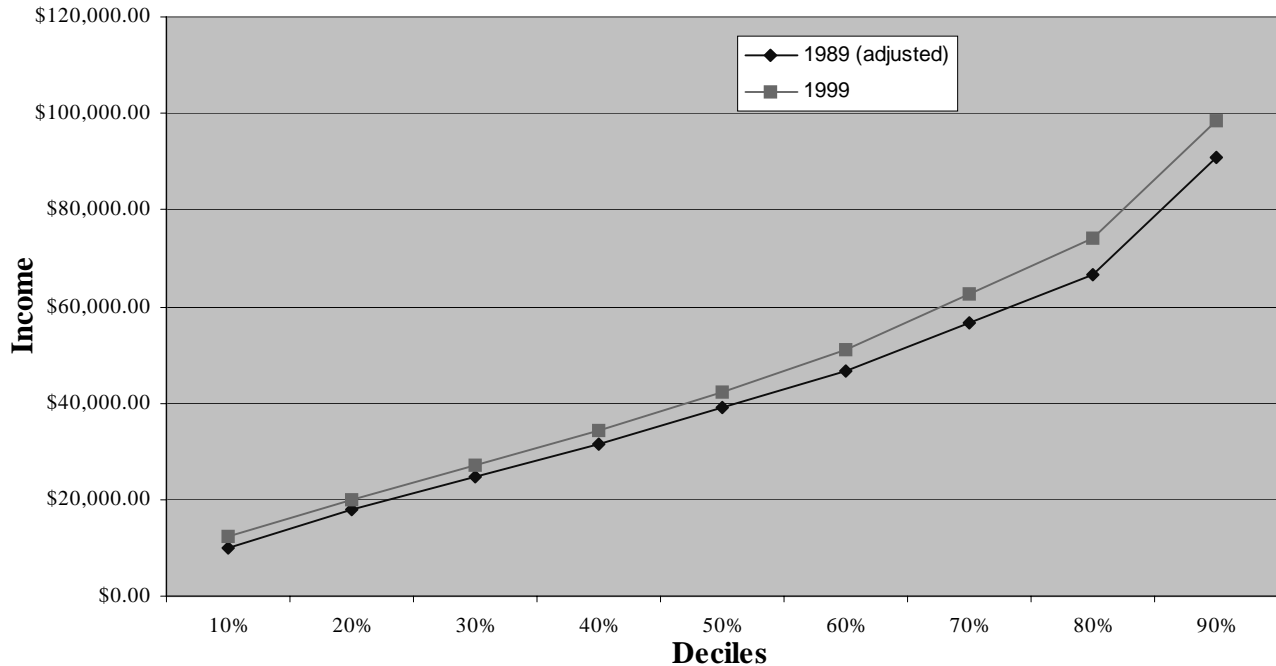
	Adjusted 1989**	1999
10 % of households made less than	\$ 9,832	\$12,190
20 % of households made less than	17,743	19,795
30 % of households made less than	24,626	27,052
40 % of households made less than	31,554	34,202
50 % of households made less than	38,964	42,430
60 % of households made less than	46,571	51,092
70 % of households made less than	56,571	62,604
80 % of households made less than	66,721	74,117
90 % of households made less than	90,719	98,421

* a decile distribution is a distribution into ten income groups in which each group has the same number of households

** adjusted to 1999 dollars

When adjusting 1989 income (for inflation) to 1999 dollars, the households at the 90 percent decile* gained 8.4 percent in buying power. The household at the lowest decile made the greatest percentage increase, improving by 24.0 percent. However, a large percentage gain on small income is a small dollar gain; the gain was less than \$2,500 compared to the gain at the top, which was over \$7,500. The incomes from the table above are shown in the income distribution curve below.

Chart 6.1: Income by Decile, Lancaster County, 1989 to 1999



Source: www.censusscope.org

In terms of actual dollars, the upper three deciles made the greatest gains. As can be seen by the chart above, these gains have led to a more inequitable distribution of income. The line connecting the top three deciles in 1999 pulled away from the line connecting the same three deciles in 1989.

The table below shows that over one-quarter of all households in the City of Lincoln had incomes less than \$25,000 in 1999, according to the 2000 Census. About one-third of all households had incomes between \$25,000 and \$50,000. Just over one-fifth had incomes between \$50,000 to \$75,000. The last group of households (just under one-fifth) had incomes above \$75,000.

Table 6.2: Household Income, City of Lincoln, 2000 (1999 Income)

	Number of Households	% of Total Households
Total Households	90560	100
Less than \$10,000	6934	7.7
\$10,000 to \$14,999	5801	6.4
\$15,000 to \$24,999	12987	14.3
\$25,000 to \$34,999	13028	14.4
\$35,000 to \$49,999	16261	18
\$50,000 to \$74,999	19185	21.2
\$75,000 to \$99,999	8344	9.2
\$100,000 to \$149,000	5493	6.1
\$150,000 to \$199,999	1289	1.4
\$200,000 and more	1238	1.4

Source: Census 2000

The Census provides data on income for various categories, including gender and familial status, race, age, census tract, tenure, etc. The table below shows that the distribution of income among different races and ethnic groups can vary widely. Households with a white, not Hispanic householder¹ were the least likely to have incomes below \$25,000 at 27 percent of households of that race, while over 51 percent of households headed by a householder of American Indian descent, 47 percent by a black householder, and 47 percent by a householder of two or more races had incomes below \$25,000. Households with a householder of Asian descent were most likely to have incomes above \$100,000 (nearly 10 percent), followed by white, not Hispanic headed households (over 9 percent).

Table 6.3: Percentage of Households in Income Categories, by Race and Ethnicity of Householder, Lincoln, 2000

Income Categories	White	Black or African American	American Indian and Alaskan Native	Asian Alone	Native Haw. and Other Pac Islander	Some Other Race	Two or More Races	White, Not Hispanic	Hispanic or Latino
Less than \$15,000	13.2%	26.1%	33.5%	20.1%	6.9%	22.2%	29.4%	13.0%	22.9%
\$15,000 to \$24,999	14.2%	20.7%	17.7%	12.0%	30.6%	12.0%	17.5%	14.1%	13.4%
\$25,000 to \$34,999	14.4%	15.3%	11.3%	11.6%	25.0%	20.7%	12.8%	14.3%	20.2%
\$35,000 to \$49,999	18.0%	16.3%	13.5%	17.7%	16.7%	21.3%	17.5%	18.0%	19.3%
\$50,000 to \$74,999	21.6%	13.4%	18.5%	21.1%	20.8%	18.2%	11.9%	21.7%	16.2%
\$75,000 to \$99,999	9.5%	4.7%	2.8%	7.6%	0.0%	4.6%	8.1%	9.6%	5.5%
\$100,000 and more	9.2%	3.5%	2.6%	9.8%	0.0%	1.1%	2.7%	9.3%	2.5%

Source: Census 2000

¹A “householder” is the person, or one of the people, in whose name the housing unit or home is owned, being bought, or rented. In cases where more than one person owns or rents a home, the person who filled out the census survey is generally the householder.

Household income can also vary by the age of the householder, with those under 25 more likely to be in the bottom income categories, followed closely by those 75 and older. Those households with householders ages 45 to 54 are most likely to have incomes above \$50,000, followed by those 55 to 64.

Table 6.4: Percentage of Households in Income Categories, by Age, Lincoln, 2000

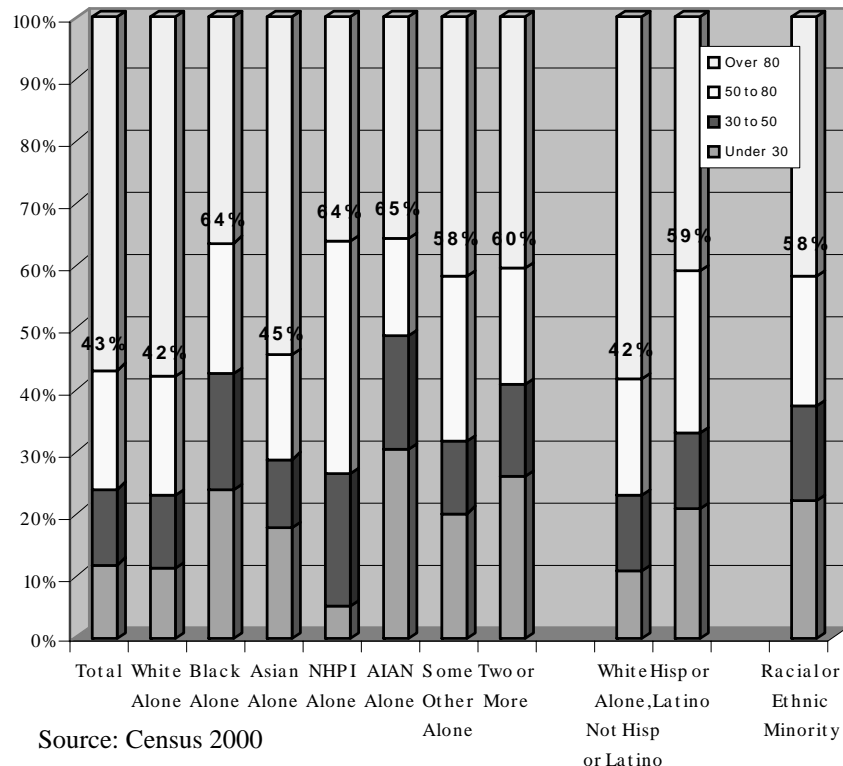
Income Categories	Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 +
Less than \$15,000	35.1%	11.7%	8.8%	5.8%	8.5%	16.7%	23.7%
\$15,000 to \$24,999	24.1%	15.8%	10.4%	8.3%	9.9%	16.8%	22.1%
\$25,000 to \$34,999	17.0%	16.9%	12.9%	10.6%	12.6%	17.3%	15.5%
\$35,000 to \$49,999	14.5%	21.1%	19.5%	15.8%	16.4%	20.0%	16.0%
\$50,000 to \$74,999	8.0%	23.1%	26.7%	26.8%	24.0%	16.7%	11.4%
\$75,000 to \$99,999	0.9%	7.7%	11.3%	16.2%	12.5%	5.1%	5.1%
\$100,000 and more	0.4%	3.7%	10.3%	16.5%	16.0%	7.5%	6.1%

Source: Census 2000

Median Income

The annual median household income (MHI) for the City in 1999 was \$40,605, which rose nearly 45 percent from \$28,056 in 1989. The MHI for family households only was \$52,558 (up almost 46 percent from \$36,074) while the MHI for non-family households was \$25,451 (up almost 56 percent from \$16,348), less than half of that for families.

Chart 6.2: Percentage of Households with Incomes Under 80 Percent of the Median Household Income by Race and/or Ethnicity of Head of Household, 2000



The table below shows median household income by householder age categories. Householders ages 45 to 54 have the highest incomes in general, with an MHI of \$57,749, 42 percent higher than the median for the total population. Those under 25 earn the lowest incomes at \$21,293 or 47 percent of the median income.

Table 6.5: Median Household Income by Age of Householder, Lincoln, 2000 (1999 Income)

Age Categories	Median Household Income
Householder 45 to 54 years	\$57,749
Householder 55 to 64 years	51,750
Householder 35 to 44 years	48,337
Total Population	40,605
Householder 25 to 34 years	38,999
Householder 65 to 74 years	34,387
Householder 75 years and over	27,422
Householder under 25 years	21,293

Source: Census 2000

These median incomes appear to coincide with normal employment and life cycles, with those at the beginning of their careers or in school and retired persons with the lowest incomes, and more seasoned workers earning the highest incomes.

Households headed by persons who are racial and/or ethnic minorities tend to have incomes less than those who are white, non-Hispanic. The table below shows the median household income for different racial and ethnic categories.

Table 6.6: Median Household Income for Racial and Ethnic Categories, City of Lincoln, 2000 (1999 Income)

Race/Ethnic Categories	Median Household Income
American Indian or Alaskan Native	23,125
Two or More Races	26,199
Black or African American	27,003
Hispanic or Latino	31,021
Some Other Race	32,424
Native Hawaiian or Pacific Islander	32,750
Asian	40,026
All	40,650
White, Not Hispanic	41,613

Source: Census 2000

The categories are ranked in order from lowest to highest median income, with white, not Hispanic surpassing the median income for all categories. Native American-headed households have the lowest median income of any racial or ethnic category, with 57 percent of the median household income for all categories. This percentage means that the median Native American-headed household has 57 percent of the buying and saving power of the median household in

Lincoln. This household has 43 percent less to spend on housing, food, child care, health care, transportation, etc.

All other racial and ethnic minority categories tend to have lower median incomes than the median for all categories. The median black or African American-headed household in terms of income made approximately 66 percent of the median household for all categories. The median Hispanic or Latino-headed household (of any race) made 76 percent, the median Native Hawaiian or Pacific Islander-headed household made 81 percent, and the median Asian-headed household made 98 percent of the median for all categories.

Similarly, female heads of household tend to fair worse in terms of income than their male or married couple counterparts. The following table shows median incomes for these households with and without children.

Both male and female single-parent households earned less than half of the incomes of their married-couple counterparts. While part of the income difference is due to the fact that the majority of married-couple families have two-parent incomes, other differences may be due to choices single-family households must make (i.e., between working and staying home with young children to avoid the cost of daycare). Female householders with children made one-third of the married-couple family income, and three-fourths of the income of the male-single parent. Additionally, over 10 percent of Lincoln's households with children had incomes at or below poverty status in 2000. Over 60 percent of those households were female headed (versus headed by a male or married couple).

Table 6.7: Median Household Income by Familial Status, City of Lincoln, 1999

Familial Status	Median Family Income
Married-couple family with own children under 18 years	\$ 61,000
Married-couple family with no children under 18 years	58,298
Male householder, no wife present no children under 18 years	39,944
Male householder, no wife present with own children under 18 years	27,399
Female householder, no husband present no children under 18 years	37,037
Female householder, no husband present with own children under 18 years	20,533

Source: Census 2000

Income by Household Size

The Department of Housing and Urban Development (HUD) uses Census data in developing income guideline limits to determine housing assistance eligibility and housing affordability

needs within the City of Lincoln. When HUD sets income limits for income categories by household size, it uses median family income as a standard for a family of four persons.

The following table shows the approximate income limits by household size for 2000. Median Family Income (MFI), which is also known as Area Median Income (AMI) for HUD program purposes, was \$52,558 in 1999 for a family of four. The HUD estimated MFI for 2000 was \$54,150, which can be found in the table below at 100% MFI for a four-person household. At 30 percent of the MFI, a four-person household would have an income of \$16,250, at 50 percent an income of \$27,050, and at 80 percent an income of \$43,300. HUD used these income limits to determine the number of households in each income category in the tables that follow.

Table 6.8: HUD Income Limits for Income Categories by Household Size, 2000

% of MFI	Size of Household							
	1	2	3	4	5	6	7	8
Extremely Low: 30%	\$11,375	\$13,000	\$14,625	\$16,250	\$17,550	\$18,850	\$20,150	\$21,450
Very Low Income: 50%	18,935	21,640	24,345	27,050	29,214	31,378	33,542	35,706
Low Income: 80%	30,310	34,640	38,970	43,300	46,764	50,228	53,692	57,156
100%	37,905	43,320	48,735	54,150	58,482	62,814	67,146	71,478

Source: HUD-adjusted area median family income, based upon 1999 Census income data

A total of 38,628 households or over 43 percent of all households in Lincoln were low-to-moderate income in 2000, compared to just under 43 percent of all households in 1990. The number of low-to-moderate income households grew by 6,215 households or just over 19 percent from 1990 to 2000.

However, there was a dramatic difference in the growth of each income category. The lowest two income categories, less than 30 percent MFI and between 30 and 50 percent MFI, grew at rates (13 and 11 percent respectively) slower than the rate for all households, while the number of households with incomes between 50 to 80 percent grew by almost 28 percent. Of all City households, the proportion of extremely-low- and very-low-income households decreased, while the proportion of LMI households overall increased.

Table 6.9: Percent Change in Households in Income Categories, 1990 to 2000, City of Lincoln

Household Income	1990	2000	Change 1990 to 2000		Percent of Total LMI Households		Percent of City's Households	
			Number	Percent	1990	2000	1990	2000
Less than 30% MFI	8,653	9,781	1,128	13.0%	26.7%	25.3%	11.5%	10.9%
30% to 50% MFI	9,026	10,030	1,004	11.1%	27.8%	26.0%	12.0%	11.2%
50 to 80% MFI	14,734	18,817	4,083	27.7%	45.5%	48.7%	19.5%	21.0%
Over 80% MFI	43,117	50,993	7,876	18.3%			57.1%	56.9%
Total Households	75,530	89,621	14,091	18.7%			100.0%	100.0%
Total LMI Households	32,413	38,628	6,215	19.2%			42.9%	43.1%

Source: CHAS 2000, HUD

In examining current housing need, income limits projected out to 2004 will be used to set affordability standards. The table below shows the 2004 HUD income limits by household size.

Table 6.10: HUD Income Limits for Income Categories by Household Size, 2004

% of MFI	Size of Household							
	1	2	3	4	5	6	7	8
Extremely Low: 30%	\$ 13,350	\$ 15,250	\$ 17,150	\$ 19,100	\$ 20,600	\$ 22,150	\$ 23,650	\$ 25,200
Very Low Income: 50%	22,250	25,450	28,600	31,800	34,350	36,900	39,450	42,000
Low Income: 80%	35,600	40,700	45,800	50,900	54,950	59,000	63,100	67,150
100%	44,500	50,900	57,200	63,600	68,700	73,800	78,900	84,000

Source: HUD-adjusted area median family income, based upon 1999 Census income data, rounded to nearest \$50.

The HUD estimated MFI for 2004 was \$63,600 for a four-person household. At 30 percent of the MFI, a four-person household would have an income of \$19,100, at 50 percent an income of \$31,800, and at 80 percent an income of \$50,900.

Income by Tenure

The number of renter households with incomes under 80 percent MFI grew by 4,597 or almost 22 percent, while the number of owners grew by 1,618 or over 14 percent over the last decade. Approximately two-thirds of low-to-moderate income households or 25,749 were renter households, and another third or 12,879 were owner households in 2000, for a homeownership rate of just over 33 percent. This rate is down slightly from under 35 percent in 1990. The number of owner households in the extremely low income category actually declined over the decade, and the number of very low-income owners grew at a slower rate than renters. However, the number of low-income owners grew at a faster rate (30 percent) over the decade than renters (26 percent).

Table 6.11: Percent Change in Renter and Owner Households in Income Categories, 1990 to 2000, City of Lincoln

Household Income	Renters			Owners		
	1990	2000	% Change	1990	2000	% Change
Less than 30% MFI	6,826	8,546	25.2%	1,827	1,235	-32.4%
30% to 50% MFI	6,097	6,868	12.6%	2,929	3,162	8.0%
50 to 80% MFI	8,229	10,335	25.6%	6,505	8,482	30.4%
80% MFI	9,963	11,859	19.0%	33,154	39,134	18.0%
Total Households	31,115	37,608	20.9%	44,415	52,013	17.1%
Total LMI Households	21,152	25,749	21.7%	11,261	12,879	14.4%

Source: CHAS 2000, HUD

Approximately 68 percent of renter households and 25 percent of owner households were low-to-moderate income in 2000.

Elderly households are over-represented among very low- and low-income households. While elderly one- and two-member households made up only 12 percent of all renter households in

2000, they made up over 17 percent of very low-income households and over 14 percent of low.

Table 6.12: Percent Change in Elderly (1 & 2 Member) Renter and Owner Households in Income Categories, 1990 to 2000, City of Lincoln

	Renters			Owners		
Household Income	1990	2000	% Change	1990	2000	% Change
Less than 30% MFI	1,392	1,495	7.4%	1,290	745	-42.2%
30% to 50% MFI	876	995	13.6%	1,923	1,662	-13.6%
50% to 80% MFI	873	988	13.2%	2,464	2,899	17.7%
80% MFI	782	1,092	39.6%	6,184	6,703	8.4%
Total Elderly Hshlds	3,923	4,570	16.5%	11,861	12,009	1.2%
Total LMI Elderly	3,141	3,478	10.7%	5,677	5,306	-6.5%

* HUD defines Elderly Households as those one or two member households headed by a person 62 years of age or older

Source: CHAS 2000, HUD

However, elderly owner households may be better off overall in 2000 than in 1990. Not only has the percentage of low-income, elderly households declined, but the absolute number as well from 8,818 in 1990 to 8,784 in 2000. Additionally, the number of extremely low-income, elderly households dropped dramatically from 2,682 to 2,240, over a 16 percent drop.

The table below shows how the number of small family renter households changed from 1990 to 2000. (HUD did not monitor small or large family owner households in 1990.)

Table 6.13: Percent Change in Small (2 to 4 Member) Renter Households in Income Categories, 1990 to 2000, City of Lincoln

	Renters		
Household Income	1990	2000	% Change
Less than 30% MFI	1,681	2,166	28.9%
30% to 50% MFI	1,782	1,912	7.3%
50 to 80% MFI	2,805	3,054	8.9%
80% MFI	4,206	4,271	1.5%
Total Small Hshlds	10,474	11,403	8.9%

Source: CHAS 2000, HUD

Small related households made up about 30 percent of all renters, and tend to be somewhat under-represented among the low to moderate income categories.

Large related households make up about four percent of all renter households. The table below shows how the number of large family renter households changed from 1990 to 2000.

Table 6.14: Percent Change in Large (5 or More Members) Renter Households in Income Categories, 1990 to 2000, City of Lincoln

	Renters		
Household Income	1990	2000	% Change
Less than 30% MFI	388	342	-11.9%
30% to 50% MFI	260	359	38.1%
50 to 80% MFI	443	439	-0.9%
80% MFI	478	429	-10.3%
Total Large Hseholds	1,569	1,569	0.0%

Source: CHAS 2000, HUD

For 1990 to 2000, HUD provided tables on two specific subpopulations: black, non-Hispanic and Hispanic. The number of black, non-Hispanic households grew by 27 percent over the last decade from 1,593 in 1990 to 2,023 in 2000. The table below shows that the number of black, non-Hispanic homeowners increased slightly (3%) from 1990 to 2000, particularly among those with household incomes over 80 percent of the MFI.

Table 6.15: Percent Change in Black, Non-Hispanic Renter and Owner Households in Income Categories, 1990 to 2000, City of Lincoln

	Renters			Owners		
Household Income	1990	2000	% Change	1990	2000	% Change
Less than 30% MFI	359	479	33%	7	26	271%
30% to 50% MFI	314	346	10%	51	4	-92%
50% to 80% MFI	157	365	132%	91	78	-14%
80% MFI	304	362	19%	310	363	17%
Total Black Households	1134	1,552	37%	459	471	3%

* Black Households are those headed by a person who is black or African American

Source: CHAS 2000, HUD

However, the percent increase in the number of black, non-Hispanic renter households far exceeded the percent increase in the number of black, non-Hispanic owner households. This disparity may partially be explained by the increase in the number of black, non-Hispanic non-family households (either individuals or unrelated persons living together) making less than 80 percent MFI, which more than doubled from 277 in 1990 to 561 in 2000.

The number of Hispanic headed households nearly doubled between 1990 and 2000, from 1,065 to 2,114. The table below also shows that the number of Hispanic homeowners more than doubled over the decade from 319 to 740 households.

Table 6.16: Percent Change in Hispanic Renter and Owner Households in Income Categories, 1990 to 2000, City of Lincoln

	Renters			Owners		
Household Income	1990	2000	% Change	1990	2000	% Change
Less than 30% MFI	206	447	117%	19	52	174%
30% to 50% MFI	165	232	41%	46	26	-43%
50% to 80% MFI	195	400	105%	52	202	288%
80% MFI	180	295	64%	202	460	128%
Total Hisp. Households	746	1,374	84%	319	740	132%

* Hispanic Households are those headed by a person who is of Hispanic or Latino origin or descent

Source: CHAS 2000, HUD

The percent increase in households with incomes less than 30 percent and 50 to 80 percent MFI exceeded, and in some cases greatly exceed, the total percent increase in both renters and owners. For example, while the number of Hispanic renter households grew by 84 percent, the number of extremely low-income Hispanic renters grew by 117 percent and the number of those making over 80 percent MFI grew by only 64 percent. The number of Hispanic owner households with incomes 50 to 80 percent saw the largest growth of 288 percent. There is a concern by some local housing stakeholders that many of the lower income Hispanic households are purchasing mobile homes that depreciate in value and are in grave need of repairs.

The table below shows the percent of households in income categories by race and ethnicity. HUD requires us to identify when the percentage of black, non-Hispanic or Hispanic households in an income category are not within ten percent of the figures found in the “all households” column for that income category. Black non-Hispanic and Hispanic renter and owner households are more likely to be in the lowest income category than households in general. However, only Hispanic renter households show a ten percent disparity in that lowest income category, with 23 percent of all renter households and 33 percent of Hispanic renter households having incomes below 30 percent MFI. Additionally, both Hispanic renter and owner households have a greater than ten percent disparity in the highest income category, with 32 percent of all renter households and only 21 percent of Hispanic renter households having incomes greater than 80 percent MFI. The disparity is even greater among owners, with 75 percent of all owner households and 62 percent of all renter households having incomes greater than 80 percent MFI. Black, non-Hispanic owner households are more likely to be in the higher income categories than all households.

Table 6.17: Percent of Renter and Owner Households in Income Categories by Race and Ethnicity, 2000, City of Lincoln

	Renters			Owners		
Household Income	All Households	Black, Non-Hispanic	Hispanic	All Households	Black, Non-Hispanic	Hispanic
Less than 30% MFI	23%	31%	33%	2%	6%	7%
30 to 50% MFI	18%	22%	17%	6%	1%	4%
50 to 80% MFI	27%	24%	29%	16%	17%	27%
80% MFI	32%	23%	21%	75%	77%	62%

Source: CHAS 2000, HUD

When we break down the table into types of households, disparities of 10 percent or greater among these types can be found, including:

- elderly renter households are much more likely to be in the lowest income category when the householder is Hispanic;
- elderly owner households are much more likely to be in the lowest income category when the householder is Hispanic or Black, non-Hispanic;
- family renter households are much more likely to be in the lowest income category and much less likely to be in the highest income category when the householder is Hispanic or Black, non-Hispanic; and,
- family owner households are much less likely to be in the highest income category when the householder is Hispanic.

Poverty Status and Government Assistance

Families and persons are classified as below poverty if their total income was less than the poverty threshold specified for their household size, age, and number of related children under age 18 present. For example, the 1999 poverty threshold (maximum income) was \$8,667 for a single-person household under 65 years of age and \$7,990 over 65 years of age. A four person household with two children had a poverty threshold of \$16,895.

Just over 10 percent of the City's population had incomes below the poverty threshold in 1999. This is an improvement over the 1990 poverty level of just over 11 percent. However, poverty is more prevalent among children, single-parent households, and minority racial and/or ethnic categories.

Children, with a 11 percent poverty rate, are more likely to be in poverty than adults ages 19 to 64, with a poverty rate of 10 percent, and much more than persons age 65 or older, with a poverty rate of 6 percent. Children in families with a single parent, specifically with a female-headed household, are more likely to be in poverty.

According to a Nebraska Appleseed Center report, *Voices of Nebraska's Poor: Family Health and Well Being After Welfare Reform*, Nebraska has the highest percentage of women in the workforce in the nation and one of the lowest average wages for working women. The statistics show that single-women with children are more likely to be in poverty than any family or individual household. A family headed by a single female has greater than a one-in-five chance of living in poverty. As can be seen in the table below, families headed by females without husbands with children under 5 years and between 5 and 17 years were more likely than any other family type to be in poverty, with a poverty rate of over 43 percent. Female householders with children under 5 had a poverty rate of over 39 percent.

Single men with children also had a higher likelihood of poverty than the married-couple family, but were somewhat better off than their female counterparts. Male householders with no wife present and children were not as likely as their female counterparts to have incomes below poverty, but also had high poverty rates. Male householders with children under 5 years and between 5 and 17 had a poverty rate of over 23 percent, and those with children under 5 had a rate of 22 percent.

**Table 6.18: Poverty Rate for Families by Type and Presence of Children,
City of Lincoln, 2000**

Families by Type and Presence of Children	Families for Whom Poverty Status is Determined	Families with Incomes below Poverty Level	% of Families with Incomes below Poverty
<i>Families:</i>	54,201	3,164	5.8
Married-couple family:	42,765	939	2.2
With related children under 18 years:	20,515	638	3.1
Under 5 years only	4,758	158	3.3
Under 5 years and 5 to 17 years	4,365	274	6.3
5 to 17 years only	11,392	206	1.8
No related children under 18 years	22,250	301	1.4
Other family:	11,436	2,225	19.5
Male householder, no wife present:	2,993	342	11.4
With related children under 18 years:	1,696	262	15.4
Under 5 years only	508	112	22
Under 5 years and 5 to 17 years	215	50	23.3
5 to 17 years only	973	100	10.3
No related children under 18 years	1,297	80	6.2
Female householder, no husband present:	8,443	1,883	22.3
With related children under 18 years:	5,926	1,728	29.2
Under 5 years only	1,285	503	39.1
Under 5 years and 5 to 17 years	940	408	43.4
5 to 17 years only	3,701	817	22.1
No related children under 18 years	2,517	155	6.2

Source: Census 2000

Additionally, married-couple families with a householder over the age of 65 are less likely to be in poverty than any other family type above or below the age of 65. Of the 12,571 persons in married-couple families over 65, 146 or over 1 percent are in poverty. Persons in married couple families under 65 with a poverty rate of over 3 percent are also relatively better off than persons in families without a married couple. Of households headed by householders under the age of 65, persons in female-headed families with no spouse present had a poverty rate of 25 percent, persons in male-headed families with no spouse had a rate of nearly 17 percent, and individuals alone or living with unrelated people had a poverty rate of 23 percent.

Persons who are racial and/or ethnic minorities are much more likely to be in poverty than white, not-Hispanic persons. A person who is black or African American is over three times as likely to be in poverty than a person who is white in the City of Lincoln. A person who is black or African American or who is American Indian or Alaskan Native has greater than a one-in-four chance of being in poverty in the City of Lincoln.

Table 6.19: Poverty Rates for Persons in Racial and Ethnic Categories, City of Lincoln, 2000

Racial/Ethnic Categories	Persons for Whom Poverty Status is Determined	Persons with Incomes below Poverty	% of Persons with Incomes below Poverty
White	191,617	16881	8.8
Black or African American	6,085	1649	27.1
American Indian or Alaskan Native	1,482	379	25.6
Asian	6,467	869	13.4
Native Hawaiian or Pacific Islander	175	16	9.1
Some Other Race	3,823	808	21.1
Two or More Races	4,363	1,025	23.5
<i>All</i>	<i>214,012</i>	<i>21,627</i>	<i>10.1</i>
White, Not Hispanic	188,491	16,334	8.7
Hispanic or Latino	7,821	1,477	18.9

Source: Census 2000

Persons with a disability are more likely to be in poverty at any age than persons without a disability. Fifteen percent of persons with a disability have incomes below poverty, where as nine percent of persons without a disability have incomes below poverty. The poverty rate is highest among 16 to 20 year olds for both persons with (25 percent) and without (22 percent) disabilities, but is highest among those with a disability.

Table 6.20: Poverty Rates for Persons with or without a Disability in Age Categories, City of Lincoln, 2000

	Total with Disability	Income Below Poverty		Total W/out Disability	Income Below Poverty	
	Persons	Persons	Percent	Persons	Persons	Percent
5 to 15 years	1459	277	19.0%	28831	3022	10.5%
16 to 20 years	1557	381	24.5%	14623	3140	21.5%
21 to 64 years	18240	3002	16.5%	111272	8560	7.7%
65 + years	8761	839	9.6%	13913	514	3.7%
Total Persons	30017	4499	15.0%	168639	15236	9.0%

Source: Census 2000

Persons with a physical disability are less likely to be employed than persons without a disability. Approximately 52 percent of persons age 16 to 64 with physical disabilities were employed in 2000, versus 81 percent of persons in that age group without physical disabilities.

Education

There is generally a strong relationship between income and education. Those households with higher levels of income have more resources to use toward education, including pre-school, private school, and post-secondary school. Additionally, those with higher levels of education generally have greater earning potentials than those with lower levels of education. This cyclical relationship is not easy to break.

The table below shows that over 89 percent of the City's population of persons 25 and older had at least graduated high school. This is an improvement over 1990, when just over 88 percent of that population had graduated high school. Additionally, over 45 percent had received a degree in higher education in 2000, compared to just over 37 percent in 1990.

Table 6.21: Highest Education Level Attained of Persons 25 or Older, 1990 and 2000

	1990	% of Total	2000	% of Total
<i>Total Persons 25 or Older</i>	<i>115,328</i>		<i>125,585</i>	
Less than 9th grade	4,231	3.7%	4056	3.2%
9th to 12th grade, no diploma	9,274	8.0%	9317	7.4%
High school graduate (includes equivalency)	32,070	27.8%	33,396	26.6%
Some college, no degree	26,705	23.2%	22,033	17.5%
Associate degree	10,236	8.9%	11,413	9.1%
Bachelor's degree	21,727	18.8%	30,124	24.0%
Graduate or professional degree	11,085	9.6%	15,246	12.1%

Source: Census 2000

While the population as a whole was more educated in 2000 than in 1990, there were still over 13,000 persons 25 and older without a high school diploma. One of the key barriers to purchasing and maintaining a home, and even keeping up with rent and utilities, is lack of an education particularly in basic financial skills. While a high school diploma does not guarantee that one will have had a class in personal finance, it helps to ensure that they have at least the basic math skills to understand a budget.

Employment

Of persons 16 years of age or older, of which there were 179,490 in 2000, 131,691 or over 73 percent were in the labor force. A total of 5,027 persons were unemployed at that time, for an unemployment rate of 3.8 percent. Labor force participation is higher for men than women. Over 77 percent of men were in the labor force, while only 69 percent of women were in the labor force. Unemployment rates were, however, slightly higher for women at 4 percent compared to just under 4 percent for men.

There are other measures of employment over time, including estimates developed using the Occupational Employment Statistics (OES) Survey for the City of Lincoln conducted by the Department of Labor, Bureau of Labor Statistics. This data differs from the Census somewhat as the survey estimates the annual average labor force and employment through business surveys and the Census measures employment by households. Each source also examines the data over different time periods.

The table below shows the last five years of published OES for the City. Since 2000, when the Census was conducted, the labor force had grown by approximately four percent and employment by just over three percent.

**Table 6.22: Annual Average Labor Force and Employed Residents,
City of Lincoln, 1998 to 2002**

	1998	1999	2000	2001	2002	% Change 2000 to 2002
Labor Force	131,859	131,705	133,122	136,435	138,435	4.0%
Employed Residents	128,765	128,405	129,518	132,449	133,693	3.2%
Unemployment Rate	2.3	2.5	2.7	2.9	3.4	

Source: Occupational Employment Statistics (OES) Survey, 1998 to 2002

The ability to obtain and maintain employment and wages or income earned are key factors in determining what type and how much housing people can afford, as well as what they are qualified to obtain. The Census measures labor force participation and unemployment across categories, such as gender (as seen above), race and ethnicity, familial status, and disability status, which will be discussed below. Discrimination based upon earnings and employment is not illegal, and in fact, is expected from property managers in the case of rental applications and bankers in the case of mortgage applications. Unfortunately, generally those that are more likely to be lower income and/or unemployed are also more likely to face illegal forms of discrimination because of their race, ethnicity, disability, familial status, gender, etc.

Race and Ethnicity

Non-white and Hispanic persons had lower labor force participation rates and higher unemployment rates than white, non-Hispanic persons in 2000. Persons who were white, not Hispanic had a labor force participation rate of 74 percent, and an unemployment rate of 3.6 percent. The lowest rate of participation was among persons of American Indian descent at over 53 percent. This sub-population also had the second highest unemployment rate. Persons who were black or African American, of two or more races, and Hispanic or Latino also had relatively high unemployment rates.

**Table 6.23: Labor Force Participation and Unemployment Rate for
Persons 16 and Older by Race and Ethnicity, 2000**

Racial/Ethnic Categories	Persons 16 and Older	# in Labor Force	% in Labor Force	% Unemployed
<i>All</i>	179,490	131,691	73.4	3.8
White	162,674	120,613	74.1	3.6
Black or African American	4,825	3,072	63.7	7.7
American Indian or Alaskan Native	1,270	678	53.4	9.1
Asian	5,015	3,383	67.5	4.2
Native Hawaiian or Pacific Islander	194	153	78.9	29.4*
Some Other Race	2,985	2,045	68.5	5.3
Two or More Races	2,500	1,747	69.9	7.7
White, Not Hispanic	160,491	119,171	74.3	3.5
Hispanic or Latino	5,742	3,876	67.5	7.2

* Because of the small number of persons of native Hawaiian or Pacific Islander descent, there is a higher margin of error.

Source: Census 2000

Families with Children

There were 49,748 families with children in 2000, up 13.4 percent from 43,874 families with children under 18 in 1990. The percentage of families with two parents declined from 80 percent of families to 75 percent of families over the decade. Nearly 76 percent of children under 6 and over 73 percent of children 6 to 17 lived with both parents in 2000, compared to 82 and 77 percent respectively in 1990.

Additionally, the percentage of two parent families with both parents in the labor force declined from 1990 to 2000. The table below shows that both the number and percentage of two parent households of families of children under 6 where both parents are in the labor force declined, while both the numbers and percentages of father only, mother only, and neither parent in the labor force increased. While the percentage of single-fathers in the labor force decreased, the percentage of single-mothers in the labor force dramatically increased over the decade.

Table 6.24: Labor Force Status of Parents of Children under 6 Years of Age, Lincoln, 1990 and 2000

	1990	% of Total	2000	% of Total
<i>Living with two parents:</i>	<i>13241</i>	<i>100.0%</i>	<i>13330</i>	<i>100.0%</i>
Both parents in labor force	9,472	71.5%	9131	68.5%
Father only in labor force	3,331	25.2%	3,520	26.4%
Mother only in labor force	255	1.9%	289	2.2%
Neither parent in labor force	183	1.4%	390	2.9%
<i>Living with father:</i>	<i>483</i>	<i>100.0%</i>	<i>1,036</i>	<i>100.0%</i>
In labor force	450	93.2%	923	89.1%
Not in labor force	33	6.8%	113	10.9%
<i>Living with mother:</i>	<i>2,472</i>	<i>100.0%</i>	<i>3,223</i>	<i>100.0%</i>
In labor force	1642	66.4%	2640	81.9%
Not in labor force	830	33.6%	583	18.1%

Source: Census 2000

The table below shows that the actual number of parents (of 6 to 17 year olds) in the labor force increased for each category, but again the percentage of both parents participating, fathers only participating, single-fathers participating and single-mothers participating all decreased. The only category that increased the percentage of participation was mothers in two parent households.

Table 6.25: Labor Force Status of Parents of Children 6 to 17 Years of Age, Lincoln, 1990 and 2000

	1990	% of Total	2000	% of Total
<i>Living with two parents:</i>	21811	100.0%	23892	100.0%
Both parents in labor force	16,794	77.0%	17,528	73.4%
Father only in labor force	4,598	21.1%	4,905	20.5%
Mother only in labor force	344	1.6%	857	3.6%
Neither parent in labor force	75	0.3%	602	2.5%
<i>Living with father:</i>	780	100.0%	1363	100.0%
In labor force	741	95.0%	1,250	91.7%
Not in labor force	39	5.0%	113	8.3%
<i>Living with mother:</i>	5087	100.0%	6904	100.0%
In labor force	4,449	87.5%	5,954	86.2%
Not in labor force	638	12.5%	950	13.8%

Source: Census 2000

Persons with Disabilities

Persons with disabilities are less likely to be employed than persons without disabilities. The table below shows that between 80 and 81 percent of persons ages 16 to 64 without disabilities of various types were employed in 2000. However, the employment rate for persons with disabilities ranged from 39 percent to 69 percent, depending on the type of disability. Nearly 52 percent of those with a physical disability were employed at the time of the Census. Therefore, the other 48 percent may be relying on unemployment and/or disability payments as their sources of income.

Table 6.26: Employment Status of Persons with Disabilities by Type, Lincoln, 2000

Population 16 to 64	Persons without Disability			Persons with Disability		
	Total	Employed	% Employed	Total	Employed	% Employed
Physical Disability	146,156	118,817	81.3%	6,645	3,428	51.6%
Sensory Disability	150,056	120,455	80.3%	2,745	1,790	65.2%
Self-Care Disability	151,044	121,563	80.5%	1,757	682	38.8%
Mental Disability	147,869	119,784	81.0%	4,932	2,461	49.9%
Go-outside-the-Home Dis.	147,383	119,189	80.9%	5,418	3,056	56.4%
Employment Disability	140,432	113,754	81.0%	12,369	8,491	68.6%

Source: Census 2000

Persons with disabilities, particularly those most in need, must often rely on fixed sources of income to pay for housing and services related to housing. While there are programs to assist those in need of home modifications (i.e., barrier removal) or services (i.e., mental health services) because of their disability, requests for assistance often exceed the funds available.

Transportation to Work

A higher percentage of people are relying on more expensive modes of transportation to get to work. While cars, trucks, and vans have overwhelmingly been the mode of transportation to work over the last ten years, they are increasingly the preferred form of transportation. Use of

these vehicles increased by almost 23 percent over the decade. Additionally, the number and percentage of people relying on carpools to get to work decreased, and the percentage of persons driving alone to work increased by nearly 27 percent.

Table 6.27: Transportation to Work by Type, Lincoln, 1990 and 2000

	1990	% Using Transport.	2000	% Using Transport.
Total:	101724		121257	
Car, truck, or van:	92,523	91.0%	113364	93.5%
Drove alone	79,464	78.1%	100761	83.1%
Carpooled	13,059	12.8%	12603	10.4%
Public transportation:	2,270	2.2%	1576	1.3%
Bus	2,158	2.1%	1526	1.3%
Taxicab	107	0.1%	41	0.0%
Other	5	0.0%	9	0.0%
Motorcycle	235	0.2%	129	0.1%
Bicycle	1,134	1.1%	1194	1.0%
Walked	5,159	5.1%	4221	3.5%
Other means	403	0.4%	773	0.6%
Worked at home	2,966		3625	

Source: Census 2000

The cost of transportation affects the ability of a household to pay for housing. Unlike public transportation and other means which limit a households costs to daily or monthly fees (if any at all), owning a vehicle requires a household not only to pay monthly expenses toward loans (if any), insurance, gas, and maintenance, but the debt of a vehicle can affect ones ability to get a home loan and the costs associated with that loan (i.e., interest).

Wages

The table below shows the “Self-Sufficiency Standard” for households of various sizes. The self-sufficiency standard for Lincoln was developed by the Nebraska Appleseed Center to measure how much income is needed for a family of a given composition to adequately meet its basic needs, without public assistance. To put it into perspective, the 1999 poverty threshold for a two parent family with two children was \$16,895 (\$18,244 in 2002). However, according to the Nebraska Appleseed Center, a two parent family with an infant and preschooler would need to make \$39,936, without public assistance, in 2002 to meet its basic needs (including housing, child care, food, transportation, health care, etc.) In order to make this income, both parents would need to work full-time at an average of \$9.45 per hour.

Table 6.28: Self-Sufficiency Wage for Lancaster County by Household Size, 2002

Persons	1 Adult	2 Adult + infant	2 Adult + pre- schooler	3 Adult + infant pre- schooler	4 Adult + infant pre-schooler schoolage	4 2 Adults + infant preschooler
Self-Sufficiency Wage						
<i>Hourly (at 40 hours per week)</i>	\$6.30	\$10.57	\$12.05	\$16.23	\$21.96	\$9.45
Monthly	\$1,109	\$1,861	\$2,120	\$2,857	\$3,865	\$3,328
Annual	\$13,308	\$22,332	\$25,440	\$34,284	\$46,380	\$39,936
Monthly Costs						
Housing	\$ 427	\$ 564	\$ 564	\$ 564	\$ 748	\$ 564
Child Care	0	473	590	1063	1483	1063
Food	178	261	270	351	472	504
Transportation	194	199	199	199	199	388
Health Care	70	157	157	166	180	201
Miscellaneous	87	165	178	234	308	272
Taxes	153	217	294	460	705	516
Earned Income Tax Credit	0	-79	-38	0	0	0
Child Care Tax Credit	0	-46	-44	-80	-80	-80
Child Tax Credit	0	-50	-50	-100	-150	-100
Total	\$1,109	\$1,861	\$2,120	\$2,857	\$3,865	\$3,328

Source: Nebraska Appleseed Center for Law in the Public Interest, *The Self-Sufficiency Standard for Nebraska*, Report, November 2002

The table below shows wages by industry for Lancaster County in 2002. The median wage for all industries in Lincoln was \$12.61 per hour. However, the top five industries of employment pay less than that hourly median. Over 19 percent of Lincoln's labor force is employed in office and administrative support positions, which pay a median of \$11.23 per hour. However, nine percent of the workforce is employed in sales and related occupations that pay a median of \$8.89 per hour, and just over eight percent in food preparation and serving related occupations that pay a median of \$7.08 per hour. Additionally, many of the lower paying jobs do not provide benefits, such as health insurance.

Table 6.29: Employment and Wage Profiles by Occupational Categories, Lancaster County, 2002

Occupation Categories	Total Employed	Percent Employed	Hrly 10th Percentile Wage	Hrly 25th Percentile Wage	Hrly Median Wage	Hrly 75th Percentile Wage
<i>All Occupations</i>	145,350	100.0%	\$ 6.88	\$ 8.88	\$12.61	\$18.84
Office and admin support	28,340	19.5%	7.64	9.21	11.23	14.32
Sales and related	13,100	9.0%	6.06	6.96	8.89	14.59
Food preparation and serving related	12,120	8.3%	5.74	6.23	7.08	8.53
Production	11,310	7.8%	7.88	9.64	12.51	16.61
Transportation and material moving	8,670	6.0%	6.95	8.96	12.11	17.38
Management	8,350	5.7%	14.13	19.71	27.99	40.00
Education, training, and library	8,150	5.6%	7.74	11.82	17.89	25.47
Healthcare practitioners and technical	7,640	5.3%	10.21	13.86	18.71	25.35
Construction and extraction	6,740	4.6%	8.02	10.32	13.73	17.88
Business and financial operations	6,450	4.4%	12.65	15.59	19.39	24.90
Installation, maintenance, and repair	5,260	3.6%	8.94	11.87	15.58	20.08
Build. and grounds cleaning and maint.	4,510	3.1%	6.38	7.38	8.52	10.32
Healthcare support	4,320	3.0%	7.74	9.16	10.33	11.73
Computer and mathematical	3,580	2.5%	12.91	16.85	22.33	28.92
Architecture and engineering	2,890	2.0%	12.64	16.24	21.95	27.78
Protective service	2,840	2.0%	8.14	11.57	14.62	18.30
Personal care and service	2,740	1.9%	5.96	6.74	8.35	10.70
Arts, design, entert., sports, and media	2,520	1.7%	6.69	9.27	13.87	19.17
Community and social services	2,460	1.7%	8.75	10.05	13.60	17.05
Life, physical, and social science	2,280	1.6%	10.12	13.01	17.15	22.76
Legal occupations	830	0.6%	12.36	17.77	23.12	34.02

Source: Occupational Employment Statistics (OES) Survey, Department of Labor, Bureau of Labor Statistics, 2002, <http://stat.bls.gov/oes/home.htm>

When comparing this table to the self-sufficiency wage table, we see that most wages, even at the 10th percentile (except wages for sales, food, and personal care occupations), can sustain a single-person household. However, as household size and the number of children increase, the more difficult it is to make ends meet on many of the median wages. A single-parent household with one child (preschool age) may sustain a household on the median wage for "all occupations," but not if they are employed in one of the top three industries. Only adult-only households can sustain themselves according to the self-sufficiency standard in food preparation and serving occupations even at the 75 percentile wage level, unless they work more than 40 hours per week.

Housing Price

The following analysis looks at the price of homeownership and rental housing in Lincoln, and what households spend on housing.

Owner-Occupied Units

What is the cost of buying and maintaining a home? Several factors affect the affordability of purchasing a home: price of the home, mortgage interest rate, other costs associated with a mortgage (i.e., closing costs, private mortgage insurance, broker fees), property tax rates, homeowners insurance rates, and hazard or flood insurance rates.

Generally, PITI or mortgage principal and interest payment, taxes, and insurance are used to determine affordable monthly owner costs. Other monthly owner costs, including utilities and maintenance, are generally not used to determine affordability but can greatly affect a household's ability to pay for housing.

Nearly 74 percent of the occupied housing units in Lincoln had a mortgage in the year 2000. This figure is up slightly from just over 70 percent in 1990. Median monthly owner costs for owners with a mortgage rose from \$641 to \$968, a 51 percent increase from 1990 to 2000 and a faster pace than both the rate of inflation (34 percent over the decade) and the growth in median income (45 percent). At the same time, median monthly owner costs (taxes and insurance) for those without a mortgage rose from \$217 to \$310, just under a 43 percent increase.

Price

From 1990 to 1999, the average sale price of a house rose 74 percent from \$67,396 to \$117,006. From 1985 to 2005, average sales prices are expected to nearly triple.

The Realtors Association of Lincoln issues an annual report on residential housing in Lincoln. In the 2003 Annual Report, the Realtors Association shows that Lincoln is losing ground compared to other cities in terms of single-family housing affordability. In 1992, Lincoln was the 17th most affordable city out of a list of 123 U.S. cities, in terms of median sale prices for existing single-family homes. By 2002, the City had fallen to 47th out of 123, behind cities like Tulsa, Indianapolis, Wichita, Toledo, and Cedar Rapids. Additionally, Lincoln, which previously was more affordable than Omaha, was equally as affordable in 2002 (National Association of Realtors).

**Table 6.30: Average Sale Price of Single-Family Homes
Listed in the Lincoln Area, 1985 to 2003**

Year	Average Sale Price	Annual % Change
1985	\$56,363	
1986	60,233	6.9
1987	60,881	1.1
1988	61,235	0.6
1989	64,002	4.5
1990	67,396	5.3
1991	70,682	4.9
1992	77,536	9.7
1993	83,445	7.6
1994	88,842	6.5
1995	97,183	9.4
1996	101,665	4.6
1997	106,682	4.9
1998	114,783	7.6
1999	117,006	1.9
2000	122,724	4.9
2001	129,609	5.6
2002	136,269	5.1
2003	144,855	6.3
2004 est.	152,677	5.4
2005 est.	160,922	5.4

Source: Realtors Association of Lincoln

The table above shows the average sale price of all single-family homes listed in the Multiple Listing Service (MLS) serving the Lincoln area. Homes listed may include homes outside of Lincoln and Lancaster County. Average sale prices of homes located in the Lincoln area (defined approximately by Interstate 80 to the north, Saltillo Road to the south, west 84th Street to the west and 112th Street to the east) are slightly higher than those shown in the table. The average sale price of residential units listed on the MLS increased by nearly 74 percent over the 1990's. While the rate of this increase has slowed somewhat, the increase is expected to be over 24 percent between 2000 and 2005. Additionally, the expansion still surpasses estimated increases in income.

The table below shows the average and median sale price of residential property in the Lincoln area alone, as well as the percent of sales in several price categories. Over the last six years, the average sale price has increased nearly 29 percent, and the median has increased over 34 percent. While in 1998, approximately one-half of all residential sales were below \$100,000, only 21 percent of sales in 2003 were below \$100,000.

**Table 6.31: All Residential Property Sales (Excluding Mobile Homes),
Lincoln Area, 1998 to 2003**

	1998	1999	2000	2001	2002	2003
Average Sale Price	\$115,804	\$119,315	\$127,346	\$132,868	\$140,729	\$149,308
Median Sale Price	\$99,000	\$103,500	\$112,000	\$117,250	\$124,900	\$133,000
0 - 49,999	4%	4%	3%	2%	2%	2%
50,000 - 99,999	46%	44%	37%	32%	25%	19%
100,000 - 159,999	33%	34%	38%	42%	45%	47%
160,000 - 249,999	13%	15%	17%	18%	21%	24%
250,000 - 499,999	3%	4%	4%	5%	6%	7%
500,000+	0%	0%	0%	0%	0%	0%
Total Number of Sales	3,282	3,372	2,982	3,350	3,541	3,825

Source: Realtors Association of Lincoln

The table below shows that existing home sales prices are rising at a much faster rate than new home sales prices. Existing home *average* sale prices have risen by more than 25 percent, and *median* sale prices by nearly 30 percent over the past six years. The new home *average* sale prices have risen 16 percent, and *median* sale prices by over 12 percent over the same time period. Although the gap between existing and new home prices is narrowing, the median sale price of existing homes was still much less (just 69 percent) of the new home sale price in 2003. The median sale price of existing homes was 60 percent of that of new home sales in 1998.

**Table 6.32: Existing and New Detached, Single-Family Home Sales, Lincoln Area,
1998 to 2003**

	1998	1999	2000	2001	2002	2003	% Change
Existing Home Sales							
Number of Sales	2,484	2,477	2,138	2,417	2,494	2,491	0.3%
Average Sale Price	\$110,308	\$110,640	\$116,725	\$123,731	\$130,204	\$138,319	25.4%
Median Sale Price	\$94,000	\$96,000	\$103,000	\$109,000	\$115,000	\$122,000	29.8%
New Home Sales							
Number of Sales	350	459	464	491	574	762	117.7%
Average Sale Price	\$167,208	\$175,558	\$182,589	\$178,158	\$185,127	\$194,024	16.0%
Median Sale Price	\$157,948	\$163,455	\$166,384	\$162,000	\$167,553	\$177,648	12.5%

Source: Realtors Association of Lincoln

While the number of existing home sales has remained relatively steady over the past six years, the number of new home sales has more than doubled from 350 units to 762 units.

The table below shows the number of housing units with monthly owner costs affordable to households in specific income categories. These were units occupied in 2000, and include units without a mortgage. Generally, those with incomes under 30 percent of the area median family income are considered to have incomes too low to afford owner-occupied housing. HUD, therefore, breaks out the categories into housing expenses affordable to those under 50 percent of the area median family income, those 50 to 80 percent, and those over 80 percent.

According to Census data examined by HUD, over 19 percent of housing units in 2000 or 10,094 units were affordable to those with incomes below 50 percent of the area median family income. An additional 52 percent of units or 26,970 units are affordable to those under 80 percent of the area median family income. However, these totals include units without mortgage costs.

**Table 6.33: Owner Housing Units with Monthly Owner Costs
Affordable to Income Groups, Lincoln, 2000**

Housing Units by Affordability	0-1	2	3+	Total
Total <=50%	511	3,642	5,941	10,094
Total >50 to <=80%	395	8,027	18,548	26,970
Total > 80%	313	1,177	13,534	15,024
Total Units	1,219	12,846	38,023	52,088

Source: CHAS 2000, HUD

While 73 percent of owner-occupied units have three or more bedrooms, only 59 percent of those units that are affordable to those under 50 percent of the area median family income and 69 percent of those affordable to those 50 to 80 percent are three or more bedrooms.

Interest Rates

Interest rates can have a dramatic impact on the affordability of housing. The economy, particularly the rate of inflation, helps to determine mortgage interest rates. Since a lender makes no money off of a loan made with an interest rate at or above the inflation rate, the higher the inflation rate goes, the higher the interest rate is set. The inflation rate also helps to determine the discount rate at which the federal government will loan money to commercial banks to make mortgage loans. Additionally, the interest rate is determined by the demand for home loans in relation to the supply of money available for lending.

However, consumers also have an impact on the rate of interest that they pay. Consumers that are a higher risk are generally charged higher rates. The larger the debt and/or the lower the credit rating a consumer has, for example, the greater the risk they are. Sub-prime loans typically refer to higher-interest rate loans made to consumers with a higher credit risk. Consumers that have taken financial skills training and home buyer education courses are typically a better credit risk than those who have not taken such courses. Consumers with little (or even advanced knowledge) about the home buying process may be taken advantage of by predatory lenders who charge unusually high interest rates (or fees).

The following table shows how average annual interest rates have fluctuated over the last 24 years. Over this time frame, interest rates have gone from a high of 16.63 percent in 1981 to 6.54 percent in 2003.

Table 6.34: Annual Average Interest Rates and Points, 30-Year, Fixed-Rate Mortgages, United States, 1980 to 2003

Year	Annual Ave. Rate	Annual Ave. Points
1980	13.74	1.8
1981	16.63	2.2
1982	16.04	2.2
1983	13.24	2.1
1984	13.88	2.5
1985	12.43	2.5
1986	10.19	2.2
1987	10.21	2.2
1988	10.34	2.1
1989	10.32	2.1
1990	10.13	2.1
1991	9.25	1.7
1992	8.39	1.7
1993	7.31	1.6
1994	8.38	1.8
1995	7.93	1.8
1996	7.81	1.7
1997	7.60	1.7
1998	6.94	1.1
1999	7.44	1.0
2000	8.05	1.0
2001	8.05	1.0
2002	6.97	0.9
2003	6.54	0.6

Source: Mortgage Bankers Association, Freddie Mac Survey of Commitment Rate

Many homeowners have taken advantage of the low interest rates in 2002 and 2003 to refinance their mortgages. Households are not only taking advantage of these low interest rates to reduce their house payment, however, but to make home improvements and/or reduce their consumer debt payments.

When homeownership becomes a priority of the government, incentives may be offered to encourage households to buy homes. One type of incentive is a program which buys down the interest rate through government subsidies.

The following table shows an example of the home prices that households could afford at two different interest rates in 2000, and how vitally important the interest rate is to the affordability of a home. The households are divided into columns by household size and rows according to HUD adjusted income categories for 2000 (1999 income data). Certain assumptions were made to determine the affordable home prices at these two interest rates:

- 30 year mortgage

- 3 percent of home price for minimum downpayment
- 2 percent of home price for closing costs (including origination fees and other closing costs)
- 1 percent for property and mortgage insurance
- 2.0881 property tax rate for 2000

The 8.00 percent interest rate is near the average interest rate for 2000. The 10.00 percent interest rate is used to establish a range of potential home prices to allow for higher interest rates due to an increase in credit risk. The 2000 adjusted median family income was \$54,150 for a four person household. Because interest rates were approximately 8 percent plus points, a household with this income could have potentially afforded a house that cost around \$135,000.

Table 6.35: Affordable Home Prices at 8.00 and 10.00 Percent Interest, by 2000 HUD Adjusted Income Levels by Household Size, Lincoln

		Household Size				
Percent of Median Income		1 Person	2 Person	3 Person	4 Person	5 Person
30%	Annual Income	\$11,375	\$13,000	\$14,625	\$16,250	\$17,550
	Affordable Home Price 8.0% Interest	29,791	34,047	38,303	42,559	45,963
	Affordable Home Price 10.0% Interest	26,060	29,783	33,506	37,229	40,207
50%	Annual Income	\$18,935	\$21,640	\$24,345	\$27,050	\$29,214
	Affordable Home Price 8.0% Interest	49,591	56,675	63,760	70,844	76,511
	Affordable Home Price 10.0% Interest	43,380	49,577	55,774	61,972	66,929
80%	Annual Income	\$30,310	\$34,640	\$38,970	\$43,300	\$46,764
	Affordable Home Price 8.0% Interest	79,382	90,722	102,062	113,403	122,475
	Affordable Home Price 10.0% Interest	69,440	79,360	89,280	99,200	107,136

Source: Urban Development Estimates using HUD income data

The table shows that a three-person household making exactly 50 percent of the median income for the City could purchase a home at a maximum affordable home price of \$63,760 at an interest rate of 8.00 percent, or \$55,774 at an interest rate of 10.00. The difference of two percentage points in interest totals nearly \$8,000 dollars over 30 years. This may also mean the difference between a household who can only afford to rent, and a household who can afford to purchase a home.

In 1999, only 124 homes (not including mobile homes) sold for less than \$50,000, which is out of reach by most households making less than 30 percent of the median income. Additionally, local stakeholders have estimated that most, if not all, of these homes required improvements and rehabilitation that would have increased the cost of the home by more than could be afforded by most households making less than 50 percent.

While the information above only examines interest rates on single-family mortgages, interest rates can have a similar impact on the cost of multi-family rentals as well. The costs to finance a rental property are generally passed on to the consumer.

Insurance

Homeowners insurance rates are expected to continue to rise rapidly nationwide due to increases in claims from natural disasters. The table below shows moderate average rate increases similar to inflation rates in 2001 and 2002. However, average rates are estimated to increase another eight percent in 2004.

Table 6.36: Average Annual Expenditure on Homeowners Insurance, United States, 1995 to 2004

Year	Estimated Average Insurance Expense	Percent Change
1995	\$418	
1996	440	5.3%
1997	455	3.4%
1998	481	5.7%
1999	488	1.5%
2000	508	4.1%
2001	520	2.4%
2002	532	2.3%
2003	569	7.0%
2004	615	8.1%

Source: Insurance Information Institute, 2004

Homeowners insurance rates vary from state to state and city to city. The Insurance Information Institute states that, in 2000, Nebraska had the 18th highest average homeowner insurance premiums in the Country. Additionally, local affordable housing stakeholders indicated that insurance rates were becoming an even greater barrier to the ability to afford housing.

According to the Insurance Information Institute, depending on the underwriting guidelines permitted by individual state regulations, factors that influence the cost of insurance may include: the age and construction of a home, proximity to natural hazards, fire safety features such as smoke detectors or sprinklers, anti-theft features such as off-site alarms or strong doors and deadbolts, the loss history of the homeowner and property, and (a recent addition) credit history.

Mortgage insurance is typically required on mortgages where the buyer pays less than 10 percent (and many times less than 20 percent) of the value of a house toward a downpayment. This insurance provides some protection to the lender if the buyer defaults. Mortgage insurance usually costs about \$5 to \$10 a year for every \$1000 of the amount of the outstanding loan, with the higher rate required for higher loan to value ratios.

The Homeowners Protection Act requires a lender to automatically cancel mortgage insurance when the principal balance of a mortgage reaches 78% of the original value of the property, if the buyer has kept up mortgage payments.

Property Taxes

The consolidated property tax rates for Lancaster County declined by over 31 percent over the 10-year period between 1993 and 2002, from 2.9542 per \$100 assessed valuation to 2.0274.

Table 6.37: Consolidated Property Tax Levy Rate, Lancaster County, 1993 to 2002

Year	Consolidated Levy Rate	Percent Change
1993	2.9542	
1994	2.4652	-16.6%
1995	2.4683	0.1%
1996	2.5094	1.7%
1997	2.4885	-0.8%
1998	2.0748	-16.6%
1999	2.0954	1.0%
2000	2.0881	-0.3%
2001	2.0078	-3.8%
2002	2.0274	1.0%

Source: Lancaster County Assessor

However, at the same time that rates decreased, the assessed value of residential property increased. The table below shows that the assessed value of residential property grew by over 126 percent during the 10-year time period between 1993 and 2002. However, during that same time period, over \$1.9 million dollars in new residential property was constructed. If the value of the existing property in 1993 (\$3,080,274,421) is added to the value of total new residential construction at the time of construction (\$1,902,901,310) from 1993 to 2002, the total (\$4,983,175,731) is the 2002 projected residential property value without any changes in assessed valuation. If we subtract this total from the actual residential property value (\$7,255,640,292) in 2002, we can determine the increase in assessed residential property value over this time period (\$2,272,464,561). Therefore, the percent change in assessed value of residential property from 1993 to 2002 was nearly 46 percent.

Table 6.38: Value of Residential Property and New Residential Construction, City of Lincoln, 1993 to 2002

Year	Residential Property Value	New Residential Construction Value
1993	\$3,209,649,927	\$129,375,506
1994	4,336,950,337	156,183,375
1995	4,508,422,380	146,598,151
1996	4,676,645,258	167,561,114
1997	4,863,604,491	191,975,903
1998	5,726,511,673	185,834,741
1999	6,067,493,583	206,065,342
2000	6,273,610,610	225,622,611
2001	7,048,688,380	231,390,626
2002	7,255,640,292	262,293,941

Sources: Lancaster County Assessor and Building and Safety Department, City of Lincoln

While tax rates declined, the estimated value of property taxes levied (before exemptions) on residential property within the city increased from \$94,819,478 to \$147,100,851, a 55 percent increase, over the ten years.

There is property tax relief for certain households that may be unable to afford property taxes. The Nebraska Homestead Exemption exempts all or a portion of the valuation of the homestead from taxation, if the household qualifies. There are three groups of households that may apply for exemptions, a householder must be over the age of 65, have a certain disability, and/or be a disabled veteran of a specific type or a widow(er) of that veteran. The percentage of relief provided is then dependent upon the income of that household and whether or not it is a single-person or married-couple household. The maximum exemption is 100 percent of 80 percent of the County's average assessed value of single-family residential property.

Lancaster County receives compensation from the Nebraska Department of Revenue in the amount of the total exemption. In 1997, Lancaster County received a Homestead Exemption reimbursement of over \$4.4 million, meaning qualifying Lancaster County households were exempted from over \$4.4 million in residential property taxes. According to the Nebraska Department of Revenue, the amount of property tax relief provided to Lancaster County households increased to \$4.8 million in 1999 and \$5.3 in 2001 (the report is issued every other year).

Rental Housing Units

Median monthly gross rent rose from \$379 to \$519 from 1990 to 2000, a 37 percent increase. While this pace was slightly faster than the rate of inflation (34 percent over the decade), it was slower than the growth in median income (45 percent).

Price

On an annual basis, the Property Management Committee of the Lincoln Board of Realtors conducts a survey of multi-family rental property owners to determine average price, age, size, and amenities of rental units. Each year over the seven years, two-bedrooms outnumbered all

other types of units at approximately 44 percent of total rental units surveyed, with one-bedroom units second-most predominant at 42 percent. Additionally efficiencies made up 4 percent on average and three-bedrooms made up 9 percent of all units. Because four-bedrooms made up less than one percent of the total rental units in multi-family properties, four-bedrooms were not included in the cost analysis. In the analysis, the city is divided up into four quadrants with “O” Street dividing the City north and south, and 27th Street dividing the City east and west.

The table below shows, for example, that rents averaged \$326 to \$338 a month for an efficiency apartment in the Northwest quadrant in 1996 compared to \$418 to \$435 in 2002, a 28 to 29 percent increase over the seven years. In general, the Southwest quadrant had the lowest average low and high rents in both 1996 and 2002. However, the highest average rent varied by size over the remaining three quadrants.

The highest average rent increase was among one-bedroom units in the Northeast, with an average low increase of 38 percent and an average high increase of 49 percent. Efficiency units in the Southeast and three-bedroom units in the Northwest had the lowest percent increases in average rents. The lowest percent increase over the seven years was over 21 percent.

Table 6.39: Percent Change in Average Low and Average High Rents by Unit Size by Location, Lincoln, 1996 and 2002

	1996							
	Average Low Rents				Average High Rents			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	\$ 326	\$ 347	\$ 444	\$ 607	\$ 338	\$ 389	\$ 491	\$ 621
Northeast	289	347	443	604	300	366	473	661
Southeast	345	388	461	582	345	407	489	590
Southwest	260	307	394	563	276	327	421	565
	2002							
	Average Low Rents				Average High Rents			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	\$ 418	\$ 444	\$ 547	\$ 735	\$ 435	\$ 500	\$ 623	\$ 781
Northeast	396	477	590	798	408	544	672	858
Southeast	422	510	594	762	432	560	667	826
Southwest	333	399	542	703	356	432	587	739
	Percent Change 1996 to 2002							
	Average Low Rents				Average High Rents			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	28.2%	28.0%	23.2%	21.1%	28.7%	28.5%	26.9%	25.8%
Northeast	37.0%	37.5%	33.2%	32.1%	36.0%	48.6%	42.1%	29.8%
Southeast	22.3%	31.4%	28.9%	30.9%	25.2%	37.6%	36.4%	40.0%
Southwest	28.1%	30.0%	37.6%	24.9%	29.0%	32.1%	39.4%	30.8%

Source: Realtors Association of Lincoln

However, the difference between average low and high rents and prices differing by location can largely be explained by difference in square footage of units. The table below shows the average low and high prices per square foot, again by unit size and location, and percent change from

1996 to 2002. In some cases, the average low price per square foot exceeds the average high price, but prices remain close by unit size and location.

Additionally, part of the increase in average rents over the seven year period can be explained by the increase in square footage of new units. The highest prices per square foot were in efficiency apartments, ranging from \$.61 to .69 per square foot in 1996 and .77 to .99 in 2002. Percent changes are lower when square footage is a factor for one- to three-bedroom units, but mixed for efficiency units. The lowest percent change is 11 percent and the highest is 62 percent.

Table 6.40: Percent Change in Average Low and Average High Price per Square Foot by Unit Size by Location, Lincoln, 1996 and 2002

	1996							
	Average Low Price per Square Foot				Average High Price per Square Foot			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	0.69	0.54	0.52	0.54	0.68	0.52	0.53	0.54
Northeast	0.65	0.51	0.51	0.48	0.63	0.50	0.52	0.50
Southeast	0.67	0.55	0.51	0.48	0.67	0.55	0.5	0.48
Southwest	0.61	0.51	0.50	0.50	0.59	0.51	0.52	0.51
	2002							
	Average Low Price per Square Foot				Average High Price per Square Foot			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	0.88	0.64	0.61	0.60	0.84	0.63	0.59	0.60
Northeast	0.77	0.67	0.62	0.60	0.8	0.68	0.62	0.62
Southeast	0.80	0.70	0.61	0.56	0.82	0.68	0.61	0.57
Southwest	0.99	0.66	0.65	0.61	0.85	0.65	0.61	0.60
	Percent Change 1996 to 2002							
	Average Low Price per Square Foot				Average High Price per Square Foot			
Bedrooms	0	1	2	3	0	1	2	3
Northwest	28.5%	19.3%	18.5%	10.9%	23.0%	21.7%	11.2%	12.9%
Northeast	19.1%	32.8%	20.1%	23.6%	25.9%	34.2%	19.8%	23.8%
Southeast	19.1%	26.7%	20.1%	17.9%	21.2%	24.2%	21.6%	18.4%
Southwest	62.2%	28.3%	28.9%	21.9%	43.5%	27.8%	18.0%	19.4%

Source: Realtors Association of Lincoln

In all cases, average rent increases exceeded average inflation rates (2.4 percent) over the seven years. After square footage was taken into consideration, increases were still higher than average inflation rates in most cases. Only in two- and three-bedroom units in the Northwest did average prices per square foot rise at a slower pace than inflation.

Utilities

According to the Nebraska Energy Office, natural gas and electricity are the primary energy sources consumed by residential users. In 2000, 52 percent of the residential sector's energy needs in Nebraska were met by natural gas, 35 percent by electricity, nine percent by petroleum products, and four percent by renewable energy.

Natural gas prices for the State as a whole have risen from \$0.84 per million British thermal units in 1970, to \$2.78 in 1980, \$4.67 in 1990, and \$6.42 in 2000. Total consumption varied greatly in relation to average cold temperatures experienced each year.

Table 6.41: Average Annual Natural Gas Consumption, Price, and Expense for Nebraska Residential Customers, 1990 to 2002

Year	Average Consumption*	Price per Thousand Cubic Feet	Average Nat Gas Expense	Percent Change
1990	102	4.67	469	
1991	108	4.71	502	7.0%
1992	99	4.92	477	-5.0%
1993	117	5.09	572	19.9%
1994	104	5.09	521	-8.9%
1995	105	4.93	507	-2.7%
1996	111	4.85	542	6.9%
1997	106	5.7	603	11.3%
1998	78	5.11	400	-33.7%
1999	88	5.06	445	11.3%
2000	89	6.42	572	28.5%
2001	98	8.71	854	49.3%
2002	90	6.18	556	-34.9%

* One thousand cubic feet of natural gas

Source: *State Energy Price and Expenditure Report and Natural Gas Annual*,
Nebraska Energy Office, <http://www.nol.org/home/NEO/statshtml/index3c.html>

The average residential user's annual natural gas bill has varied between a low of \$400 in 1998 and a high of \$854 in 2001, since 1990. Average annual consumption is part of the reason for the variation, as natural gas needs fluctuate with winter temperatures. However, prices also greatly varied with demand for natural gas. With fluctuations such as these, households, especially those dependent upon fixed and/or low incomes, have difficulty budgeting for annual heating costs. Additionally, the bulk of these expenses are experience over a few winter months.

The electric bill for the average residential user has risen for Lincoln Electric System (LES) customers since 1990. However, the cost increase is not due to the price per Kilowatthour, which has remained relatively stable since then, but the average consumption. Since 1990, the average consumption of electricity has increased by nearly 22 percent. In fact, consumption of electricity has increased steadily each decade from 1970 (6,861 Kilowatthours) and 1980 (7,888 Kilowatthours). Prices also increased over this time frame, from \$0.017 per Kilowatthour in 1970 to \$0.044 per Kilowatthour in 1980.

Table 6.42: Average Annual Electricity Consumption, Price, and Expense for LES Residential Customers, 1990 to 2002

Year	Average Consumption*	Price per Kilowatt-hour	Average Electrical Expense	Percent Change
1990	8,557	\$ 0.060	\$ 514	
1991	9,066	0.059	539	4.9%
1992	8,335	0.059	488	-9.5%
1993	8,793	0.061	537	10.0%
1994	9,024	0.063	565	5.2%
1995	9,240	0.063	582	3.0%
1996	9,233	0.062	571	-1.9%
1997	9,396	0.062	581	1.8%
1998	9,779	0.062	605	4.1%
1999	9,318	0.062	578	-4.5%
2000	9,985	0.061	613	6.1%
2001	10,000	0.061	609	-0.7%
2002	10,426	0.061	635	4.3%

* In Kilowatthours

Source: Lincoln Electric System, Annual Report, Nebraska Energy Office,
<http://www.nol.org/home/NEO/statshtml/index3c.html>

Insurance

Insurance costs are not included in the HUD definition of gross rent payments or the cost of renting. However, renters insurance is a cost the approximately one-third of renters choose to bear. A 2003 poll conducted by the Independent Insurance Agents & Brokers of America found that 64 percent of respondents living in rental properties had no insurance. The most common misconception among renters is that they are covered by their landlord's insurance. Those that do not have renters insurance are more at risk for losing housing during emergency situations.

Future Price of Affordable Housing

There are several key factors which will affect the City's supply of affordable housing in the future. In terms of the supply of new affordable housing, the price and availability of land (including infrastructure), construction costs and resources, government assistance (financial and technical), and government regulation are all important factors which affect the supply of affordable housing.

The analysis of the cost of building new housing is not complete. However, initial findings on land cost and construction fees are found below.

Land Cost/Availability

The Comprehensive Plan designates areas for future urban residential uses. There are four general stages land passes through as it is developed: raw land, preliminary plat, final plat, and building permit. Raw land is generally zoned as agricultural and has no development proposals. In the second stage, a developer submits rezoning plans and a preliminary plat for development, which lays out the number of residential lots, streets, grading, and utilities necessary to serve the development. The third stage occurs after the preliminary plat and rezoning is approved by the Planning Commission and City Council, when a developer submits a final plat that divides the

farm land into legal lots for resale. The final stage takes place when a builder or private owner purchases the lot and/or obtains a building permit for the construction of a home.

The following table includes data for the first three stages. Platted land may include lots created over twenty years ago, although they are most likely to have been created within the last five years. However, once a building permit is issued it is removed from the vacant land inventory.

Table 6.43: Vacant Land, Lincoln, 2003 and 2004

	Jan-03	Jan-04
Single Family/Attached/Duplex Lots		
Submitted Preliminary	588	718
Preliminary Platted	3,669	3,388
Final Platted	3,000	2,605
<i>Total</i>	<i>7,257</i>	<i>6,711</i>
Multi-Family Units		
Submitted Preliminary	401	475
Preliminary Platted	3,074	2,353
Final Platted	1,687	1,670
<i>Total</i>	<i>5,162</i>	<i>4,498</i>
<i>Potential Units on Raw Land</i>	<i>43,822</i>	<i>41,978</i>

Source: City of Lincoln, Planning Department

The table shows that, as of January of 2004, 6,711 single-family lots could be available for development in the near future. This figure includes 2,605 lots that have received final approval, and may already have utilities in place and/or road access. The figure also includes 3,388 lots that have received preliminary approval, and 718 lots that have been submitted for preliminary approval. In January of 2003, there were eight percent or 546 more lots that were in the first three stages of the development process than in 2004.

The table also shows lots which could potentially be used to develop 4,498 multi-family units could be available for development in the near future. This figure includes lots for 1,670 potential units that have received final approval, 2,353 potential units that have received preliminary approval, and 475 potential units that have been submitted for preliminary approval. In January of 2003, there were 13 percent or 664 more potential units that were in the first three stages of the development process.

The last line of the table shows the potential units on raw land designated as future urban residential development through the year 2025. Assuming an average density of three units per acre, 41,978 units could be developed on the remaining raw land. In 2002, the number of potential units on raw land increased when the new Comprehensive Plan was developed. Potential units rose by nearly 20,000 from 36,971 (with the year 2015 service limit) in July 2001 to 56,794 (with the year 2025 service limit) in September of 2002.

In January of 2004, the Realtors multiple listing service had between 150 and 200 vacant, developable lots listed for sale. In 2003, 707 vacant, residential lots listed on the MLS were sold by Realtors. However, this does not include lots sold by Realtors that were sold too quickly to be listed, nor lots sold by those other than Realtors.

As shown earlier, housing prices in Lincoln have risen 30 percent over the last six years. One reason for the increasing sale prices of homes in Lincoln is the cost of land. The average sale price of a lot (under ½ acre in R-1, R-2, or R-3 districts) in Lincoln grew from \$31,119 in 1998 to \$41,830 in 2003, over 34 percent. Additionally, the number of lots listed on the MLS steadily fell over the past two years from 1,136 in January of 2002 to 426 in January of 2004.

Construction Fees

The cost of construction (for both infrastructure and housing) in terms of labor and materials helps to determine what housing will be built.

Impact Fees As the City of Lincoln expands, the cost to expand infrastructure (i.e., water mains, sewer mains, streets) to new residential areas is directly or indirectly paid by the consumer (whether it be a homeowner or a renter). The City recently adopted an ordinance to allow for impact fees to be assessed on new development occurring within the City limits. When new housing is developed, the builder pays to compensate the City for the cost of supplying the development with infrastructure, including arterial streets, water mains, sewer mains, and parks.

As of January 2004, a builder would be required to pay \$2,801 in impact fees to construct a new single-family detached unit. By 2007, the impact fees for the same unit would be \$4,500, without an adjustment for inflation.

Table 6.44: Impact Fees Schedule per Unit, Lincoln, 2004 to 2007

	2004	2005	2006	2007
Water System Fee				
Single-Family Equivalent	\$463.00	\$498.00	\$611.00	\$747.00
Water Distribution Fee				
Single-Family Equivalent	\$287.00	\$309.00	\$380.00	\$464.00
Wastewater Fee				
Single-Family Equivalent	\$375.00	\$399.00	\$490.00	\$599.00
Arterial Street Fee				
Single-Family Detached	\$1,483.00	\$1,837.00	\$2,129.00	\$2,369.00
SF Attached/Duplex	\$783.00	\$970.00	\$1,124.00	\$1,250.00
Multi-Family	\$903.00	\$1,118.00	\$1,296.00	\$1,442.00
Multi-Family Elderly	\$227.00	\$281.00	\$326.00	\$363.00
Mobile Home	\$814.00	\$1,009.00	\$1,169.00	\$1,301.00
Neighborhood Park and Trail Fee				
Single-Family Detached	\$193.00	\$321.00	\$321.00	\$321.00
Single-Family Attached	\$162.00	\$270.00	\$270.00	\$270.00
Duplex	\$143.00	\$238.00	\$238.00	\$238.00
Multi-Family	\$114.00	\$190.00	\$190.00	\$190.00
Mobile Home	\$164.00	\$273.00	\$273.00	\$273.00

* Fees were approved as of January 2003 and have not been adjusted for inflation

Source: City of Lincoln, Public Works Department,

<http://www.ci.lincoln.ne.us/city/pworks/ifs/pdf/allfees.pdf>

Similarly, the impact fee assessed for each multi-family unit would be \$2,142 in 2004 and \$3,442 in 2007. Therefore, total impact fees for a 20 unit complex would be \$42,840 in 2004 and \$68,840 in 2007 (without adjusting for inflation).

The ordinance allows for refunds of up to all of the impact fees paid by the developer, if the unit is purchased (or in some cases rented) by a low-to-moderate income household. In order to be eligible for the exemption, the purchaser of the new home must apply for a refund within ten days of the execution of the purchase contract. The refund is then applied toward the closing costs paid by the purchaser. Rent-restricted units are also eligible for a refund of half or all of the impact fees (depending upon income), if the units are constructed outside of the low-to-moderate income area of the City.

Housing Affordability

Housing affordability reflects both what people are *able* to pay for housing and what they are *willing* to pay for housing. Generally, housing is considered affordable if a household pays no more than 30 percent of their incomes toward their total housing costs. Housing costs are defined differently for owner and renter households. (The included costs are discussed below.) Households that pay 30 percent or more of their incomes toward housing costs are considered to be cost overburdened. Households that pay 50 percent or more of their incomes toward housing are severely cost overburdened.

The two tables below show the maximum affordable monthly housing cost for a household by household size and income categories for 2000 and 2004. In 2000, the maximum gross rent or mortgage expenses that a four-person household making the median income could afford was \$1,354.

Table 6.45: Maximum Affordable Monthly Housing Cost, by 2000 HUD Adjusted Income Levels by Household Size, Lincoln

Percent of Median Income		One-Person	Two-Person	Three-Person	Four-Person	Five-Person	Six-Person	Seven-Person	Eight-Person
30%	Annual Income	\$11,375	\$13,000	\$14,625	\$16,250	\$17,550	\$18,850	\$20,150	\$21,450
	Monthly Income	948	1,083	1,219	1,354	1,463	1,571	1,679	1,788
	<i>Affordable Monthly Housing Cost</i>	284	325	366	406	439	471	504	536
50%	Annual Income	18,935	21,640	24,345	27,050	29,214	31,378	33,542	35,706
	Monthly Income	1,578	1,803	2,029	2,254	2,435	2,615	2,795	2,976
	<i>Affordable Monthly Housing Cost</i>	473	541	609	676	730	784	839	893
80%	Annual Income	30,310	34,640	38,970	43,300	46,764	50,228	53,692	57,156
	Monthly Income	2,526	2,887	3,248	3,608	3,897	4,186	4,474	4,763
	<i>Affordable Monthly Housing Cost</i>	758	866	974	1,083	1,169	1,256	1,342	1,429
100%	Annual Income	37,905	43,320	48,735	54,150	58,482	62,814	67,146	71,478
	Monthly Income	3,159	3,610	4,061	4,513	4,874	5,235	5,596	5,957
	<i>Affordable Monthly Housing Cost</i>	948	1,083	1,218	1,354	1,462	1,570	1,679	1,787

In 2004, the maximum gross rent or mortgage expenses that a four-person household making the median income could afford was \$1,590, \$236 more a month than in 2000.

Table 6.46: Maximum Affordable Monthly Housing Cost, by 2004 HUD Adjusted Income Levels by Household Size, Lincoln

Percent of Median Income		One-Person	Two-Person	Three-Person	Four-Person	Five-Person	Six-Person	Seven-Person	Eight-Person
30%	Annual Income	\$13,350	\$15,250	\$17,150	\$19,100	\$20,600	\$22,150	\$23,650	\$25,200
	Monthly Income	1,113	1,271	1,429	1,592	1,717	1,846	1,971	2,100
	<i>Affordable Monthly Housing Cost</i>	<i>334</i>	<i>381</i>	<i>429</i>	<i>478</i>	<i>515</i>	<i>554</i>	<i>591</i>	<i>630</i>
50%	Annual Income	22,250	25,450	28,600	31,800	34,350	36,900	39,450	42,000
	Monthly Income	1,854	2,121	2,383	2,650	2,863	3,075	3,288	3,500
	<i>Affordable Monthly Housing Cost</i>	<i>556</i>	<i>636</i>	<i>715</i>	<i>795</i>	<i>859</i>	<i>923</i>	<i>986</i>	<i>1,050</i>
80%	Annual Income	35,600	40,700	45,800	50,900	54,950	59,000	63,100	67,150
	Monthly Income	2,967	3,392	3,817	4,242	4,579	4,917	5,258	5,596
	<i>Affordable Monthly Housing Cost</i>	<i>890</i>	<i>1,018</i>	<i>1,145</i>	<i>1,273</i>	<i>1,374</i>	<i>1,475</i>	<i>1,578</i>	<i>1,679</i>
100%	Annual Income	44,500	50,900	57,200	63,600	68,700	73,800	78,900	84,000
	Monthly Income	3,708	4,242	4,767	5,300	5,725	6,150	6,575	7,000
	<i>Affordable Monthly Housing Cost</i>	<i>1,113</i>	<i>1,273</i>	<i>1,430</i>	<i>1,590</i>	<i>1,718</i>	<i>1,845</i>	<i>1,973</i>	<i>2,100</i>

Rental Cost Overburden

Over 37 percent of renters were cost overburdened in 2000, down from less than 40 percent in 1990. From 1990 to 2000, the number of low-income households who were cost overburdened increased by one percent from 11,844 to 11,911. While the number of cost overburdened households declined in the very low- and low-income categories, the number of cost overburdened extremely low-income households increased by 12 percent.

Table 6.47: Low-Income, Renter Households with Housing Cost Overburden by Income Category, Lincoln, 1990 and 2000

Household Income	1990	2000	% Change
<=30% MFI	5,666	6,350	12%
>30% to <=50% MFI	4,451	3,970	-11%
>50 to <=80% MFI	1,728	1,592	-8%
Total Low-Income Households	11,844	11,911	1%

Source: CHAS 1990 and 2000, HUD

The table below shows that the number of elderly, low-income renter households declined by two percent over the decade.

Table 6.48: Low-Income, Elderly Renter Households with Housing Cost Overburden by Income Category, Lincoln, 1990 and 2000

Household Income	1990	2000	% Change
<=30% MFI	835	821	-2%
>30% to <=50% MFI	543	522	-4%
>50 to <=80% MFI	314	320	2%
Total Low-Income Households	1693	1663	-2%

Source: CHAS 1990 and 2000, HUD

Additionally, the number of low-income, small-family renter households also decreased by nine percent. However, the number of extremely-low-income, small family renters grew by six percent.

Table 6.49: Low-Income, Small-Family Renter Households with Housing Cost Overburden by Income Category, Lincoln, 1990 and 2000

Household Income	1990	2000	% Change
<=30% MFI	1,429	1,516	6%
>30% to <=50% MFI	1,337	1,097	-18%
>50 to <=80% MFI	561	406	-28%
Total Low-Income Households	3,326	3,020	-9%

Source: CHAS 1990 and 2000, HUD

Large-family, low-income renter households showed the greatest improvement over the decade, with numbers declining by 49 percent from 610 to 313 households.

Table 6.50: Low-Income, Large-Family Renter Households with Housing Cost Overburden by Income Category, Lincoln, 1990 and 2000

Household Income	1990	2000	% Change
<=30% MFI	353	176	-50%
>30% to <=50% MFI	182	115	-37%
>50 to <=80% MFI	75	22	-71%
Total Low-Income Households	610	313	-49%

Source: CHAS 1990 and 2000, HUD

The remaining households had the greatest increases in cost overburden. Low-income individual and unrelated cost overburdened households increased by 12 percent over the last decade.

Table 6.51: All Other Low-Income, Renter Households with Housing Cost Overburden by Income Category, Lincoln, 1990 and 2000

Household Income	1990	2000	% Change
<=30% MFI	3,029	3834	27%
>30% to <=50% MFI	2384	2233	-6%
>50 to <=80% MFI	781	849	9%
Total Low-Income Households	6,193	6,916	12%

Source: CHAS 1990 and 2000, HUD

The table below shows that 74 percent of extremely-low-income, 58 percent of very-low-income, 15 percent of low-income, and two percent of moderate- and upper-income renter households were cost overburdened. In general, 46 percent of all low-income renters and 32 percent of all renters were cost overburdened.

Individuals and unrelated (all other) renter households were more likely to be cost overburdened than any other household type. Elderly, low-income, renter households were next likely, followed by small-related and large-related households, to be cost overburdened.

Table 6.52: Percent Renter Households with Housing Cost Overburden by Type, Lincoln, 2000

Household Income	Elderly	Small Related	Large Related	All Other	Total
<=30% MFI	54.9%	70.0%	51.4%	84.4%	74.3%
>30% to <=50% MFI	52.5%	57.4%	32.0%	62.0%	57.8%
>50 to <=80% MFI	32.4%	13.3%	5.0%	14.5%	15.4%
>80% MFI	14.3%	0.4%	0.9%	0.8%	1.9%
Total Low-Income Households	47.8%	42.3%	27.4%	49.4%	46.3%
Total Households	39.8%	26.6%	20.2%	34.7%	32.3%

Source: CHAS 2000, HUD

Unlike owner households that tended to reduce cost overburden as the age of the householder increased, renter cost overburden varied greatly with age between a low of 27 percent and a high of 55 percent. The table below shows that renter households with a householder between the ages of 45 to 54 were least likely to be cost overburdened. Those 75 and older were most likely to be cost overburdened, followed by those 15 to 24.

Table 6.53: Renter Households with Housing Cost Overburden by Age of Householder, Lincoln, 2000

Age of Householder	# Cost Overburdened	% Cost Overburdened
15 to 24	5,060	51.5%
25 to 34	2,979	27.9%
35 to 44	2,039	31.6%
45 to 54	1,084	27.3%
55 to 64	680	35.6%
65 to 74	652	40.9%
75 +	1,360	55.4%

Source: Census 2000

In general, households headed by persons who were non-white were more likely to be cost overburdened. Approximately 49 percent of those renters that were two or more races were cost overburdened. Households headed by persons of Hispanic or Latino origin or descent were less likely to be cost overburdened at 36 percent than those headed by persons who are white, not Hispanic at 37 percent.

Table 6.54: Renter Households with Housing Cost Overburden by Race or Ethnicity of Householder, Lincoln, 2000

Race/Ethnic Categories	# Cost Overburdened	% Cost Overburdened
Two or More Races	362	48.6%
American Indian or Alaskan Native	142	44.9%
Asian	440	40.2%
Black or African American	610	38.0%
White Alone	12,049	37.2%
Some Other Race	243	35.1%
Native Hawaiian or Pacific Islander	8	20.0%
Hispanic or Latino	484	36.1%
White, Not Hispanic	11,847	37.2%

Source: Census 2000

Nearly 18 percent of households were severely cost overburdened in 2000. Nearly 28 percent of renters headed by householders of two or more races were severely cost overburdened. White, not Hispanic householders were the least likely to be severely cost overburdened at over 17 percent.

Table 6.55: Renter Households with Severe Housing Cost Overburden by Race or Ethnicity of Householder, Lincoln, 2000

Race/Ethnic Categories	# Cost Overburdened	% Cost Overburdened
Two or More Races	208	27.9%
American Indian or Alaskan Native	80	25.3%
Black or African American	330	20.6%
Some Other Race	136	19.7%
Asian	193	17.6%
White Alone	5,631	17.4%
Native Hawaiian or Pacific Islander	-	0.0%
Hispanic or Latino	264	19.7%
White, Not Hispanic	5,526	17.3%

Source: Census 2000

Owner Cost Overburden

Owner households that experience cost overburden pay 30 percent or more of their incomes toward owner housing costs, including mortgage payments, taxes, and insurance. Just under 20 percent of households with a mortgage in 2000 were cost overburdened, compared to just under 14 percent in 1990. Over four percent of those *without* a mortgage were cost overburdened in 2000 compared to almost eight percent in 1990, meaning that the taxes and insurance costs alone of owning a home were more than 30 percent of their household income.

The following table shows the number of low-income households that pay 30 percent or more of their incomes toward owner housing costs. While the number of low-income, owner households increased by 14 percent between 1990 and 2000, the number of low-income, owner households paying more than 30 percent of their incomes toward housing increased by 28 percent. Additionally, while the number of owner households in the 30 to 50 percent income category grew by 8 percent, the number of cost overburdened grew by 45 percent. The number of households in the 50 to 80 percent of MFI grew by 30 percent, but the number of cost overburdened grew by 61 percent. While the table shows a percent decrease in the number of extremely low-income households that were cost overburdened, there was nearly an equal percent decrease in the number of owner households in that category.

Table 6.56: Low-Income, Owner Households with Housing Cost Overburden, Lincoln, 1990 and 2000

Household Income	Elderly			Other			Total		
	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
<=30% MFI	722	439	-39%	467	361	-23%	1,188	799	-33%
>30% to <=50% MFI	365	489	34%	644	960	49%	996	1,448	45%
>50 to <=80% MFI	296	368	25%	1414	2365	67%	1,691	2,731	61%
Total Low-Income Hshlds	1383	1296	-6%	2525	3,686	46%	3,875	4,978	28%

Source: CHAS 1990 and 2000, HUD

The table below shows that while approximately 14 percent of all owner households were cost overburdened in 2000, 39 percent of low-income (65 percent of extremely-low-, 46 percent of very-low-, and 32 percent of low-income) owner households were cost overburdened. Elderly, low-income owner households are less likely to be cost overburdened (24 percent), than small- (50 percent) and large-family (39 percent) and all other low-income owner households (51 percent).

Table 6.57: Percent Owner Households with a Housing Cost Overburden by Type, Lincoln, 2000

Household Income	Elderly	Small Related	Large Related	All Other	Total
<=30% MFI	58.9%	75.9%	41.7%	78.2%	64.7%
>30% to <=50% MFI	29.4%	64.8%	58.7%	64.8%	45.8%
>50 to <=80% MFI	12.7%	44.2%	34.0%	43.1%	32.2%
>80% MFI	3.0%	6.4%	5.4%	11.9%	6.4%
Total Low-Income Households	24.4%	50.0%	38.8%	50.6%	38.7%
Total Households	12.5%	12.7%	12.7%	24.6%	14.4%

Source: CHAS 2000, HUD

In general, owner households headed by younger householders are more likely to be cost overburdened. Over 38 percent of households headed by a householder who was between the ages of 15 and 24 were cost overburdened, compared to just over 12 percent of households headed by those 65 to 74. Householders with older householders are more likely to have their mortgage paid off or have lower mortgage payments (since overall sale prices were lower 10 and 20 years ago). Cost overburden rose slightly to almost 13 percent of households for those 75 and older, which may be due to the increase in the percentage of households on fixed incomes and percentage of householders with only one source of income (widows and widowers).

Table 6.58: Owner Households with Housing Cost Overburden by Age of Householder, Lincoln, 2000

Age of Householder	# Cost Overburdened	% Cost Overburdened
15 to 24	240	38.5%
25 to 34	1483	20.6%
35 to 44	1875	16.6%
45 to 54	1648	14.6%
55 to 64	891	13.2%
65 to 74	662	12.1%
75 +	553	12.6%

Source: Census 2000

The following two tables show that owner households with householders in specific race and/or ethnic categories are more likely to be cost overburdened and severely cost overburdened. Nearly 27 percent of black or African American owner householders are cost overburdened, almost seven percent of which are severely cost overburdened.

Table 6.59: Owner Households with Housing Cost Overburden by Race or Ethnicity of Householder, Lincoln, 2000

Race/Ethnic Categories	# Cost Overburdened	% Cost Overburdened
Black or African American	125	26.7%
Some Other Race	66	25.7%
Two or More Races	40	20.1%
American Indian or Alaskan Native	22	16.2%
White Alone	7007	15.5%
Asian	92	13.2%
Native Hawaiian or Pacific Islander	0	-
Hispanic or Latino	162	25.0%
White, Not Hispanic	6930	15.4%

Source: Census 2000

Those households headed by a householder of Hispanic or Latino descent are more likely to be cost overburdened than those headed by a householder who is white, not Hispanic, with cost overburden rates of 25 percent and 15 percent respectively. Similarly, Hispanic- or Latino-headed households have severe cost overburden rates of eight percent compared to 4 percent of white, not Hispanic headed households.

Table 6.60: Owner Households with Severe Housing Cost Overburden by Race or Ethnicity of Householder, Lincoln, 2000

Race/Ethnic Categories	# Cost Overburdened	% Cost Overburdened
American Indian or Alaskan Native	11	8.1%
Black or African American	32	6.8%
White Alone	1737	3.8%
Asian	19	2.7%
Some Other Race	5	1.9%
Two or More Races	0	0.0%
Native Hawaiian or Pacific Islander	0	-
Hispanic or Latino	52	8.0%
White, Not Hispanic	1697	3.8%

Source: Census 2000

However, it is important to keep in mind that the Census compares housing costs to 1999 annual income to determine cost overburden. A household that has a temporary income setback (i.e., unemployment), but savings or other wealth to weather the setback is in a much different situation than a low-wealth household in the same situation or one that struggles year-by-year to pay for housing.

The percentage of owner households with housing cost overburden may not only be rising due to rising housing prices, but the increasing proclivity of homeowners to use home equity to finance consumer debt. Over 20 percent of housing units in Lincoln in 2000 had a second mortgage, and

an additional ten percent had a home equity loan (less than one percent had both). While this data was not measured in 1990, debt counselors say that an increasing number of households are using the equity in their homes to finance other investments or pay off debt. While some households obtain home equity loans for home improvements, low interest rates can entice home owners to use this debt instrument to finance consumer debt, particularly when the interest is tax deductible.